AN AMERICAN RAILROAD BUILDER

JOHN MURRAY FORBES

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HENRY GREENLEAF PEARSON

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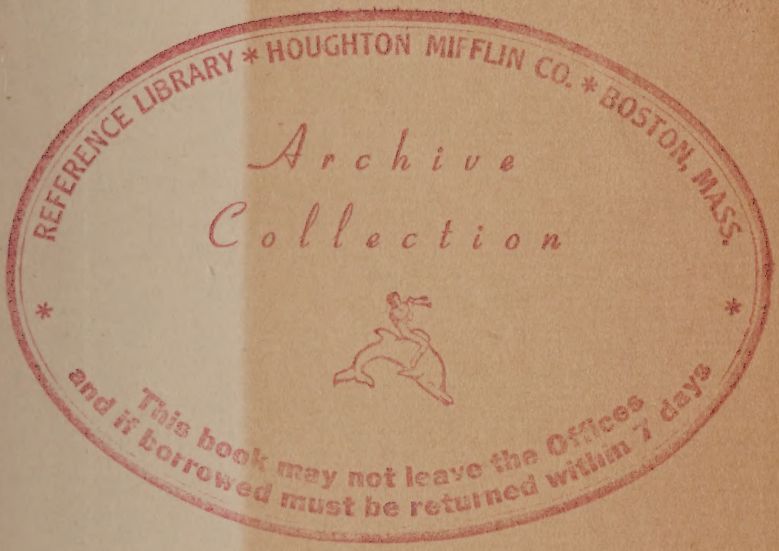
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From a Crayon by Cheney about 1851

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HENRY GREENLEAF PEARSON

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PREFACE

THE present volume differs from the "Letters and Recollections of John Murray Forbes," published in 1899, not only in being an abridged biography, but in having been written to tell the story, merely outlined there, of the part played by Forbes in the development of the railroad system of the Middle West. He was president of the Michigan Central Railroad from 1846 to 1855; of the Chicago, Burlington, and Quincy Railroad he was director from 1857 to 1898, and president from 1878 to 1881. In these positions his work was preëminently that of obtaining capital and of maintaining a sound financial policy; the matters, to-day so important, of rate-making and relations with state and federal government practically never came within the scope of his control. The reasons why his labors were almost entirely within the field of finance are: first, that in the period before the Civil War these operating problems were on such a small scale that they could be dealt with by the general superintendents in the West; and second, that after the war, though granger difficulties and questions of pooling and rebates were assuming more and more importance, officials in the East,

while vaguely feeling their significance, were devoid of experience therein. Forbes had been among the first to see the shadow of coming events and to realize what manifold qualifications the railroad president of the new age must possess; but now the weight of years and the burden of financial responsibility were heavy upon him, and in matters of operating management he was guided by the judgment of Charles E. Perkins, already a master in that field. After Forbes's victory in securing the reorganization of the Chicago, Burlington, and Quincy, in 1875, he contributed work and wisdom for many years but no act that was individually dynamic. The story of his railroad career thus belongs almost entirely to the world of finance between the years 1846 and 1881; it is distinguished there by its qualities of imagination, of daring, and of militant honesty.

The materials for this study have been chiefly the immense mass of Forbes's correspondence as preserved in his letter-press books, — a maze to which his unpublished Reminiscences have served as a clue. Except for the annual reports of the Michigan Central and the Chicago, Burlington, and Quincy Railroads, and pertinent state and national documents, contemporary matter in print is meagre and throws light, if at all, on things done rather than on ways by which they were

brought to pass. The numerous theses and monographs on railroad subjects are for the most part devoted to the study of conditions since the passage of the Interstate Commerce Act in 1887, dealing with earlier history only in the most general terms. A compensation for these deficiencies has been the fulness, the accuracy, and I may add, the vivacity of Forbes's letters. Their graphic power and their revelation of personality put them in the class with letters written by masters in the art; under the spell of his pen the ways of railroad finance become paths of pleasantness. Scanty as are the selections here given, they should, like the originals from which they are taken, show better than anything else the power of their writer to vitalize and to humanize everything that he touched.

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AN AMERICAN RAILROAD BUILDER

CHAPTER I

BEGINNINGS

THE family into which John Murray Forbes was born was well known in Boston in the early years of the nineteenth century, in connection with the maritime commerce that was the foundation of the town's prosperity. His mother, Margaret Perkins, had three brothers, James, Thomas Handasyd, and Samuel G, all worthy merchants, the first two being connected with one of the most flourishing houses in the China trade; his father, Ralph Bennet Forbes, had traveled much about the world as a supercargo. When the course of business kept him in France, his wife joined him, taking with her the two oldest sons, Thomas Tunno, born in 1803, and Robert Bennet, born in 1804. At Bordeaux, on February 23, 1813, John Murray, the sixth of their eight children, was born. Soon after their return to this country the father's health broke down, and, as he had not prospered in business,

his family was maintained through the assistance of his brother and his wife's brothers.

At the earliest possible moment the two older sons went to work. Thomas was put in training to be the agent at Canton of the firm of J. and T. H. Perkins; Bennet, at the age of thirteen, was sent to sea before the mast, to become a sailor. The rapid rise of these two young fellows shows what ability and opportunity, when joined together, could accomplish in those days. At eighteen Tom was in China; and when he was twenty-six was in full charge of the business of the firm there. At twenty Bennet sailed for China as captain of the ship Levant. At thirty, gray-haired and with a comfortable fortune, he left the sea and settled down as a merchant in Boston.

The careers of the older brothers had a marked influence on the life of John. In the years of his boyhood he saw, as the consequence of his father's sickness, the straitened circumstances of the family, their dependence on the benevolence of others, and the unselfish efforts of Tom and Bennet to contribute to the family income. Even before his father's death, in 1824, it had been possible, through their earnings, for him to go away to school; and from ten to fifteen he had the advantage of the best education that boys in the United States at that time could obtain. The Round Hill School, at Northampton, to which

the first families of Boston sent their sons, is famous in the educational annals of the country for the sound and varied training which it provided and for the stress which it laid on physical development and healthy out-door life. To the fine quality of its head-master, Joseph G. Cogswell, was largely due the success of the school. Looking back on this life in later years, and comparing it with the college life of the boys whom he knew, Forbes was inclined to think that at fifteen he had received better training for the world than they were getting. "Five years of drill," he writes, "had given me a pretty good foundation in Latin, French, Spanish, Arithmetic, Book-keeping, and perhaps Algebra (though my studies in the higher mathematics were only beginning), besides the education in riding, dancing, and gymnastics . . . to which perhaps I owe my long-continued health. Be this as it may, I bade adieu to school life with a fair reputation for scholarship and good behavior, and pretty well equipped for beginning my commercial training."

The testimony of Cogswell, given at the time when John left school, is to the same purport, and is stronger still concerning the pupil's character and ability and the affection which existed between him and his master.

In October, 1828, John entered his uncles'

counting house in Boston to prepare himself as speedily as possible to help his brother Tom, who was about to be made head of the branch house at Canton. Though, as youngest clerk, his first duties were the usual tasks of sweeping the store, making the fire, closing up at night, copying letters, and running errands, his advance was rapid. At the end of ten months he writes to his brother Tom that he has already mastered the minutiæ of business more quickly than he has ever learned anything else, and that he is impatient for the next move. From childhood he had lived in the atmosphere of business and had opportunities to exercise his natural aptitude for trade. It was the custom of the day for clerks to be given a small space in the vessels belonging to the firm, for trading ventures on their own account. Part of Tom's space was shared with his youngest brother, who at eight years of age had written: "My adventure" — tea, or silk, or possibly Chinese toys — "sells very well in the village." At seventeen he had by these ventures accumulated a thousand dollars. He thus early justified the expectations which the success of his brothers had raised, and his chances were the better because, as it happened, neither of the sons of the partners showed great interest in the business of the firm.

The opportunity for which John Forbes was

waiting came unexpectedly and on the wings of disaster. In February, 1830, news reached Boston of the drowning of his brother Thomas six months before. As he had been the sole representative in Canton of the firm, the affairs of the branch house were in confusion. In July, in company with Mr. Augustine Heard, John sailed for China in a ship commanded by his brother Bennet. On their arrival at Canton in November an arrangement was made whereby the business of J. and T. H. Perkins was turned over to another American house, that of Russell and Company, on condition that Mr. Heard be received into the firm as a partner. Another article in the agreement was to the effect that if at the end of three years John Forbes was still a clerk for the firm, he should be admitted to partnership for a term of three years. This understanding, however, was not at the time communicated to the person most concerned.

Here, then, was a young man, not yet eighteen, in a position of great trust, with plenty of opportunities to show his superiors what stuff was in him, and also with good openings to make money on his own account. The most remarkable of these openings came through his acquaintance with the Chinese mandarin, Houqua. One of the richest merchants in China, with a fortune of fifteen or twenty millions of dollars, he was

the head of the Hong, or company which managed the foreign trade of China, and through which all diplomatic affairs were then conducted. For him Thomas Forbes had acted as confidential agent, and the position now came as a sort of legacy to the younger brother. The swiftness with which the newcomer justified this mark of confidence shows what remarkable powers lay within him, ready to manifest themselves at the first chance. He conducted Houqua's foreign correspondence, writing the answers to letters in which public affairs and diplomacy were mingled with business; he chartered ships, loaded them with tea and silks, and gave instructions as to the disposal of the cargoes, using his own name, as if he were managing his own property. For this work he received ten per cent of the profits of the trade. Thanks to such extraordinary opportunity, he was, when a youth of eighteen and nineteen, known to Baring Brothers and other great banking houses as a China merchant who not infrequently had as much as half a million dollars afloat at one time.

At length the climate told on the young man's health, and in June, 1833, he was at home again, after an absence of three years. Though he was only twenty years old, his baldness and his mature bearing made people credit him with another decade. In business he had already done well. A

year before, he had sent home money for the purchase of a square mile of land in Ohio, — the first of many signs of his passion for ownership in the soil; and now, finding his old schoolmaster, Cogswell, in financial difficulties, he made him a generous loan of money, — the sign of another trait no less characteristic and persistent.

"Love was in the next degree." In writing home from Canton, he had threatened to "get married within a week after arrival," and had bidden his sisters to make the preliminary selection among their friends. His meeting with one of these friends, Sarah Hathaway of New Bedford, drew into this new channel all his intensity of feeling and energy of action. The courtship and the engagement were short, and on February 8, 1834, the two were married. Forbes in his Reminiscences notes that there was some doubt as to the legality of the ceremony, for at the last moment it was discovered that the banns had not been made out in the form necessary when the bridegroom was a minor!

Unluckily for a man who had accepted the conditions of married life, Forbes's knowledge gained in China was the only immediate means by which he could earn a living. He thus found himself bound to accept the offer of a place as supercargo on a vessel going to Canton, and

obliged, since his wife was a very bad sailor, to leave her behind. In less than a month from the day of his wedding he embarked on the Logan for Gibraltar and China. Reaching Canton in August, 1834, he found himself caught; for he then first learned of the arrangement made in November, 1830, by virtue of which, on the first of January, 1834, he had become a member of the firm of Russell and Company. His share in its profits was already fourteen thousand dollars, and with him in the firm, Houqua would consent to turn his business over to it. In comparison with the position thus offered, his opportunities as a supercargo were insignificant. He hesitated, nevertheless, and agreed to stay only when he found that Mr. Heard, whose wretched state of health made his return to America most important, refused, on account of a quarrel with one of the partners, to leave the helm to any one but himself. Then he accepted the fate of his three-years' partnership.

The period of Forbes's second stay in China was one of unique opportunity. The East India Company had just relinquished its monopoly, and a house of such high reputation as Russell and Company was able to secure the trade of a considerable number of privately owned English ships which came to Canton. Through Forbes's connection with the firm it also had the manage-

ment of Houqua's business. Of this combination of advantages Forbes had the capacity to avail himself to the utmost. Instinctively he made every situation yield up its essence to the last drop, and nothing in this Chinese experience did he allow to lie useless in later years. The business ties formed with Baring Brothers lasted for a lifetime; his understanding of Chinese character not only served himself, but was more than once put at the disposal — and in no dilettante fashion, either — of uninstructed state officials at Washington. And so it was in respect to everything that came within the range of his apprehending brain and will.

One matter here deserves special mention, because Forbes later built it so completely into the structure of his social life. During his first stay in China, in the dearth of other forms of recreation, he took to the river and soon made of himself a skilful yachtsman. During his second stay, when there were more Englishmen in the place, a club was formed and out-door sports were introduced. Forbes, accustomed to the prevailing American fashion of keeping up dignity "by a grave demeanor and consequential deportment," was astounded to see English judges and high officials of the East India Company playing cricket and leap-frog. "They esteem nothing childish which gives zest to exercise." He was

near enough to his own Round Hill days to relish this revelation, particularly when "the East India Company, instead of getting over Russell Sturgis's back, stuck fast, and both rolled together down the hill into an empty tomb"; and with the enterprise of a true Yankee boy he was soon organizing boat-races and instructing the English in base-ball.

In December, 1836, having faithfully completed his term of active partnership and made arrangements for a moderate share in Russell and Company's profits, in return for attending to their interests in the United States, having also discharged his numerous social obligations by giving a fancy-dress ball, Forbes left China for good, making a quick run to New York in one hundred and twenty days. "The next forenoon," he writes, "found me snugly harbored at my aunt James Perkins's in Pearl Street, where my wife . . . met me after an absence of a little over three years."

John M. Forbes, twenty-four years of age, established in Boston as a merchant who had already proved his energy and prudence by accumulating a good fortune, was a remarkable man in remarkable circumstances and destined for a remarkable career. The faculty of making money was the least noteworthy of his powers. By inheritance the best traditions of the best Boston families were

his; yet the narrow means in the midst of which he had grown up kept him from the inertness which comfort brings. Thus he had learned to accept ungrudgingly the necessities of hard work, and at the same time he valued and was able to obtain the ease and stimulus that social intercourse of the best sort can give. By reason of his clear head and self-control he paid no toll to the passions that delay and burden youth. Yet he was highly charged with feeling, which was never mere emotionalism but always an impulse to action. Whatever was fine in man, woman, or child, awakened his enthusiasm and stirred him to some deed of recognition; thus there was an endless outpouring of generosity from his purse. So, too, whatever was mean or untrue roused his wrath and the desire to punish or crush, and the check which he put upon his feelings made their every manifestation full of significance. When his anger at last broke forth it was volcanic in force, and as relentless as the lava stream. He loved intense and exciting work, and loved it best of all when it was devoted to some form of public utility through which he could fulfil his duty to his country and to his fellow men.

Those who saw the operation of this energy wondered at the continuing vitality of the man. An illness that his wife called his "box fever" shows how close he ran to the wind. He had

brought it on by overwork in loading a small barque and in getting her to sea in a hurry, and in his delirium his mind ran on the necessity of finding small boxes to fill up the chinks under her decks. Notwithstanding the fact that this was his characteristic way of working and that he suffered from bronchial weakness, he maintained his health marvellously. The foundation laid at the Round Hill School was strong, and in China he had acquired the habit of daily exercise. This was supplemented by periods of real recreation, when he plunged into play with the same vigor with which he plunged into business, emerging refreshed where many a man would have come out exhausted.

As Forbes had learned from his English companions at Canton, the best play is out-door activity in good company. To this end his social life was arranged. For the first fifteen years or so after his return from China he lived in a cottage on Milton Hill, six miles from Boston, where the outlook on one side is over the Neponset marshes to the harbor, and on the other side toward Blue Hill. Then he moved to a larger house close at hand, in a still more commanding situation. He never had a house in town. In 1843, he purchased, jointly with his wife's uncle, W. W. Swain, the island of Naushon, at the entrance to Buzzard's Bay, and in 1857 acquired full pos-

session of it. In these two places he and his wife exercised a hospitality expressive of their ideal of simple, wholesome living and so ordered that it revealed at their best both guests and hosts.

Into this atmosphere pervaded with the realities of life Forbes's six children were born. Although, as a busy man, the time which he had for companionship with them was limited, he entertained characteristically definite ideas concerning their bringing-up. He saw that he could give them every advantage which had been his own except that of poverty, and he did his best to circumvent the consequences of this one defect. His careful thought for their welfare is shown in the directions about their education which he wrote out for their guardians in case he and his wife should die while the children were still young. The document is full of his far-sightedness and strong feeling, as the following extracts will show.

"If possible, I should prefer Milton Hill for their residence, because it is healthy, and secondly because, with their rich circle of acquaintance in Boston, and with their probable wealth, they would, if in the city, be liable to get injurious ideas of their own consequence, and their own duties. . . . I would by no means wish them kept

from other young people, but I would like to have their circle formed among families of moderate means where children are being brought up to labor, and not among the rich alone. . . .

"Their physical education is of immense importance; a simple diet and a habit of looking upon a great deal of daily exercise in the open air as of equal importance with good food and clothing, form the staples of my plan in this respect. In regard to their moral and mental culture, our leading ideas would be to try to give them happy views of religion, and of life and death; also in all of them a habit of feeling that it is their duty to be useful to their fellow creatures, and in order to be able to do this, to improve their time by acquiring habits of industry and application. As to accomplishments, and to learning generally, I consider them entirely secondary to the above great leading ideas. As to their fortune, if they have common sense, they will with the help of judicious friends soon learn that it is not theirs to enable them to roll in luxury and self-indulgence, but rather a trust to be judiciously used to assist their other efforts in doing good. Such is my theory and my belief. God help me, for my weakness in practice, which (as a warning I here say it) I attribute mainly to my want of habits of industry. . . ."

Another extract is from a second letter of instructions written some years later, when his oldest children were nearing maturity.

"I wish them to see and know their fellow creatures, but would especially have them avoid Boarding Schools and fashionable watering-places and resorts. I would have their home made cheerful and attractive by trying to have the best sort of people attracted there.

"For this I would trust more to books, pictures, music, and the sympathy which a nucleus of cultivated society always exerts to draw others to it, rather than by fine dinners and entertainments and shows, fashionable balls and parties. The natural beauties of their two homes, if these can be kept, will, I hope, help to draw around them better people than epicures and fashionables."

Firm in his own beliefs though Forbes was, even to the point of prejudice, he was utterly without that tendency to magnify himself which so often accompanies such firmness. In truth, to think of himself in any light, except now and then for humorous purposes, was foreign and abhorrent to his nature. Thus there was found in him the paradoxical combination of strong will and dominating personality, with deference to others and genuine democratic sympathy. Of

impatient men, declared one who knew him well, he was the most patient. With a whole-hearted belief in the plain people, he was singularly fitted for leadership in a democratic community.

These were the qualities that drew Emerson to him and supplied the material for a familiar passage in "Letters and Social Aims."

"Never was such force, good meaning, good sense, good action, combined with such domestic lovely behavior, such modesty and persistent preference for others. Wherever he moved he was the benefactor. It is of course that he should ride well, shoot well, sail well, keep house well, administer affairs well; but he was the best talker, also, in the company; what with a perpetual practical wisdom, with an eye always to the working of the thing, what with the multitude and distinction of his facts (and one detected continually that he had a hand in everything that has been done), and in the temperance with which he parried all offence and opened the eyes of the person he talked with without contradicting him. Yet I said to myself, How little this man suspects, with his sympathy for men and his respect for lettered and scientific people, that he is not likely, in any company, to meet a man superior to himself. And I think this is a good country that can bear such a creature as he is." [1]

[1] *Letters and Social Aims*, Riverside Edition, p. 103.

CHAPTER II

THE BUILDING OF THE MICHIGAN CENTRAL RAILROAD

I

IN the spring of the year 1842, Charles Dickens, being then in the course of his American travels, hired a four-horse stage-coach to carry him from Columbus, Ohio, north to Tiffin, where he expected to take the railroad for Sandusky. His description of the journey epitomizes the difficulties of travel by land in the Middle West of those days.

"At one time we were all flung together in a heap at the bottom of the coach, and at another we were crushing our heads against the roof. Now, one side was down deep in the mire, and we were holding on to the other. Now, the coach was lying on the tails of the two wheelers; and now it was rearing up in the air, in a frantic state, with all four horses standing on the top of an insurmountable eminence, looking coolly back at it, as though they would say, 'Unharness us. It can't be done.' The drivers on these roads, who certainly get over the ground in a manner which

is quite miraculous, so twist and turn the team about in forcing a passage, corkscrew fashion, through the bogs and swamps, that it was quite a common circumstance on looking out of the window, to see the coachman with the ends of a pair of reins in his hands, apparently driving nothing, or playing at horses, and the leaders staring at one unexpectedly from the back of the coach, as if they had some idea of getting up behind. A great portion of the way was over what is called a corduroy road, which is made by throwing trunks of trees into a marsh, and leaving them to settle there. The very slightest of the jolts with which the ponderous carriage fell from log to log, was enough, it seemed, to have dislocated all the bones in the human body. It would be impossible to experience a similar set of sensations in any other circumstances, unless, perhaps, in attempting to go up to the top of St. Paul's in an omnibus. Never, never once that day was the coach in any position, attitude, or kind of motion to which we are accustomed in coaches. Never did it make the slightest approach to one's experience of the proceedings of any sort of vehicle that goes on wheels." [1]

This description of the roads of Ohio, touched with caricature though it is, discloses the reason why the development of the Middle West waited

[1] *American Notes*, chap. xiv.

for the day of railroad transportation. Commerce could creep along its borders, — the Great Lakes on the north, the Ohio on the south, the Mississippi on the west; but the richness and stickiness of the soil which could produce such wonderful crops made the business of raising them hopelessly unprofitable, for the cost and the difficulties of getting them to market were almost prohibitive. An old resident of Galesburg, Illinois, thus describes conditions at this time: —

"Money was scarce beyond conception. Values for farm products were very low: corn sold at eight cents per bushel and dressed pork at $1.50 per hundred; everything was hauled thirty to fifty miles to market. Hogs raised near Galesburg were driven to Warsaw, packed there and shipped by water to New York. The land was almost valueless. My father entered large amounts of Government land, with warrants, in 1852, at eighty cents per acre, within twenty miles of Galesburg."[1]

It is easy to give other examples. "Many instances are recorded of five dollars a barrel being paid for hauling flour from Milwaukee to Madison [eighty-two miles], and it is little wonder, when two yoke of cattle were required for moving ten to twelve hundred weight of goods. Be-

[1] *Some Features in the History of the Burlington Road*, by W. W. Baldwin, p. 27.

fore the road . . . was laid out each teamster went where he pleased, and he usually tried a new route, knowing that a change must necessarily be an improvement."[1]

"It should not be forgotten," said the Ohio Canal Commissioners in their report for 1833, "that at this time wheat was selling at from twenty to thirty cents per bushel, and corn at from ten to twelve and a half, and in many instances at prices even lower than these; and while the farmer could, with difficulty, raise money to pay his taxes, produce of his farm was literally rotting in his yard from want of a market."[2] Moreover this lack of transportation, which often drove the farmers to the expedient of burning their corn, kept them from supplying themselves with salt, glass, nails, axes, ploughs, and other such necessaries. Under their double privation it is not strange that their progress towards prosperity was slow.

These obstacles, however, only put the pioneer spirit of the inhabitants to higher proof. In emulation of the successful policy of the State of New York, they endeavored to connect by canals the streams flowing into the Lakes and the streams flowing into the Ohio and the Mississippi. These inland waterways, however, though

[1] *History of Agriculture in Dane County* (Wis.), p. 116.
[2] *Quarterly Journal of Economics*, November, 1902, p. 123.

they reduced astonishingly the cost of transportation, were far from meeting all the needs of the situation, for besides being frozen in winter they were likely to be dry in summer. On land the one sure means of communication was the Cumberland Road, or National Pike, finally completed in 1838, which ran from the East through Wheeling, Columbus, Indianapolis, and Terre Haute, to Vandalia, Illinois. From this a few well-built branch roads extended to important places on the Lakes or the Ohio, over one of which, that running from Cincinnati to Columbus, Dickens sped in a coach at the rate of six miles an hour. Such meagre lines of communication, however, were far from meeting the needs of this vast region, and it was only with the coming of the steam railroad that the Western pioneers saw the day of their salvation. Here at last was a means of transportation which, being unaffected by rain or drought, was both rapid and reliable; through it the development of the inert regions of the interior should be speedy.

Since the inhabitants of the states to be served by these roads, canals, and railroads were themselves absolutely without financial resources and in their ignorance looked upon the ways of finance as a mystery full of golden promise, they naturally sought to raise the money required by pledging the credit of the state. In this rosy

belief they received delusive encouragement, for not only Eastern but also English capital, trusting to the guarantee of the state, bought readily the bonds and "internal-improvement warrants" of Indiana, Ohio, Michigan, and Illinois.[1] Indeed, up to the year 1838 these four states had been able to borrow for such purposes no less than $30,000,000.[2]

When the crisis of 1837 brought everything to a standstill, the inhabitants of the Middle West paid the full penalty for this over-confidence and ignorance. Not only was the completion of eagerly awaited canals and railroads indefinitely postponed, but the money needed by the state to pay the interest on its bonds could not be obtained. Its credit was gone; to raise money by increased taxation was out of the question, for

[1] "The whole period from 1815 to 1840 [in England] was . . . one in which the pressure of surplus capital was felt with great intensity; . . . Moreover, the enterprises for which capital was required in America were favorably regarded by the English public . . . American Canals . . . did not seem at all visionary enterprises, and the financial success of the early ones created great confidence in them. . . . More and more, therefore, her capitalists after 1815 turned to this country; and by 1830 they seemed ready to supply us with all the capital necessary to complete our system of canals and railways, as well as to assist in the development of our agriculture." — "The Early Transportation and Banking Enterprises of the States in Relation to the Growth of Corporations"; G. S. Callender, in the *Quarterly Journal of Economics*, November, 1902, pp. 142, 143.

[2] Bogart's *Economic History of the United States*, p. 195.

the people had no money. To the agricultural legislators in their wrath and desperation, repudiation of state obligations in one form or another seemed a clever act of reprisal for the disaster which unholy finance had brought upon them. Then, having repudiated their debts and thus outraged the only people who could come to their relief, they sat down and lamented their unhappy plight. In this state Dickens found them in 1842; and when in "Martin Chuzzlewit" he satirized their malarial Edens and their hatred of everything British, their outcries against him were but the sign that the galled jade winced.

What happened in Michigan was typical of the whole Western situation. In the early days of its statehood it had planned and partly built two lines of railroad across its lower peninsula, from east to west. So severely, however, was the state shaken by the panic that in spite of its heroic efforts to meet its obligations the word Michigan became a scarecrow to Eastern capital. As the years went on and there proved to be no possibility of completing the roads or even of procuring the money necessary to keep them in repair, it grew plain that the state must get rid of them. One, the Michigan Central, one hundred and forty-five miles long, ran from Detroit to Kalamazoo. The other, the Michigan Southern, also ran nowhere, but achieved the same result with less

effort, being only seventy-five miles long. The roads together had cost $3,500,000. Accordingly, placing its dilapidated property on the bargain-counter, the state waited for customers.

At last, in 1845, the railroads attracted the attention of two young men, both Easterners who had gone West, and both persuaded not only that the day of prosperity for the West was about to dawn, but that, if the right means were taken, Eastern capital could be brought to look upon a Western road with favor. One of the men was James F. Joy, a graduate of Dartmouth College and the Harvard Law School, who had come to Detroit and was waiting for his practice to grow. The other was John W. Brooks, the superintendent of the Auburn and Rochester Railroad in New York. They believed that if the Michigan Central could be rehabilitated and completed for the remaining third of the distance to Lake Michigan, it would prove a profitable investment. It would open up the rich farming land of Michigan; better still, it would constitute a link in the shortest route from the East to Chicago and the Mississippi Valley. At that time the traveller left the cars at Buffalo, where he took a steamer which conveyed him, by the roundabout way of Lake Huron and the Straits of Mackinaw, to the head of Lake Michigan. If he had good luck, his boat reached Chicago in four days and a

half; not infrequently six days were needed. With the railroad completed across Michigan, the time from Buffalo could be reduced to thirty-six hours. Of course, Brooks reasoned, it was conceivable that as years went on a railroad might be built along the southern shore of Lake Erie to Toledo, and from there to Chicago; but the cost of such an undertaking would be so stupendous and the returns so uncertain that he dismissed the possibility from his calculations. The Michigan Central was, it is true, a railroad in the wilderness; nevertheless its strategic position was such that it could hold its own against the circuitous water route. With Eastern capital and Eastern control, it was practically certain to succeed. Filled with this conviction Brooks, then twenty-six years old, set forth in the winter of 1845–46 to make the acquaintance of men of means in Boston and New York in the hope of interesting them in his scheme.

Good luck led Brooks, in the course of his labors, to the counting-room of John M. Forbes. Forbes had already made experiments, most of them financially unsuccessful, in the application of steam to ocean transportation;[1] but he was

[1] For the most part the vessels used steam only as auxiliary power, having hinged propeller-shafts, by means of which, in good sailing weather, the propeller could be turned up out of harm's way. The Midas, built and owned by the Forbes brothers, was the first steamer to navigate Chinese waters; the

ready to listen to possibilities more promising in connection with steam transportation on land. In those days, of course, there was nowhere any expert knowledge of railroading; yet, judged even by the standards of that time, his notions of the problems of railroad management were, as he took delight in recalling in later years, naïvely rudimentary. He reasoned, for example, that in all probability the presidency of a railroad company was like that of an insurance company, — a dignified office which, at that time, was given to "honest and reliable though unsuccessful merchants," the work being done by a secretary. Such a position he wished to find for his elder brother Bennet, whose daring and brilliant career as a sea captain had not proved the best preparation for success in mercantile affairs.

Drawn on partly by this fraternal motive and partly by the fascination of the enterprise itself, Forbes went so far as to employ Daniel Webster to draft a charter embodying the wisdom that had been gleaned from Eastern railroad experience, and to send Brooks back to Michigan to secure the passage of the charter by the legislature.

Massachusetts was one of the earliest ocean steamers on the Atlantic. The Iron Witch, an iron paddle-wheel steamer, designed for fast service on the Hudson, was an expensive failure.

The discussion of this bill, with its momentous consequences to the exhausted treasury of Michigan, was naturally the chief event of the legislative session of 1846. But so ignorant were both the public at large and the legislators themselves concerning railroad charters that the point on which local interest centred was the danger that the pagan capitalists of the East should attempt to run trains "on the Sabbath"; and every day petitions bearing on this point were presented. When, however, the time came for voting on this section, amendments were offered requiring that the corporation should observe the other nine commandments also, and that the directors should attend church at least twice every Sunday, and the section was laughed to defeat.[1] The true guardian of the state's interests proved to be the governor, Alpheus Felch, an able and honest executive, who more than once during this session had to restrain the legislature from giving away to corporations the property of the people. Thus the charter as passed retained for the state a measure of legislative supervision and control.[2] Yet

[1] Journal of the Senate of Michigan, 1846, pp. 274, 275.

[2] By the act of incorporation (Laws of Michigan, 1846, pp. 37–64) the Michigan Central Railroad was granted the property of the road forever; but the state might repurchase it after a lapse of twenty years, and after thirty years the legislature might alter, amend, or repeal the charter. For the first four years the road was to pay a tax of one-half of one per cent, after that,

even so, Brooks and Joy knew that, with the price of the road fixed at $2,000,000, they had not the worst of the bargain.

Everything now depended on the skill and force of the man who took hold of the financiering. Boston capital, which had been principally invested in the China trade, was now beginning to be put into mills in Massachusetts and New Hampshire and into short lines of railroad along

of three-fourths of one per cent on the capital stock and loans for construction purposes. Its annual report to the secretary of the state was to contain tables showing its financial condition, its physical condition, and the amount and character of its business. The amount of the capital stock was set at five million dollars, with permission to increase it to eight million.

The rates existing under state management were to continue in force until July 1, 1848, from which time a reduction of twenty-five per cent was to be made on flour and grain ; the tariff for no article was to be higher than the average of the tariffs charged for that article on the Boston and Lowell, the Boston and Providence, and the Boston and Worcester railroads, during September and October of 1845. An exception might be made if the secretary of state of Michigan, the auditor, and the attorney-general gave their consent. There was provision for a commission to determine what was the average rate on the New England railroads, and in case of disagreement a final decision was to be rendered by the court of chancery. Furthermore, not oftener than once in ten years the legislature might require such a commission to review all the rates of the road. The road was required to " transport merchandise and property . . . . without showing partiality or favor, and with all practical despatch." The maximum passenger tariff was fixed at three cents per mile. No publication of rates was required ; nevertheless, for eight years, from 1850 to 1857 inclusive, these schedules were given in the annual report of the railroad.

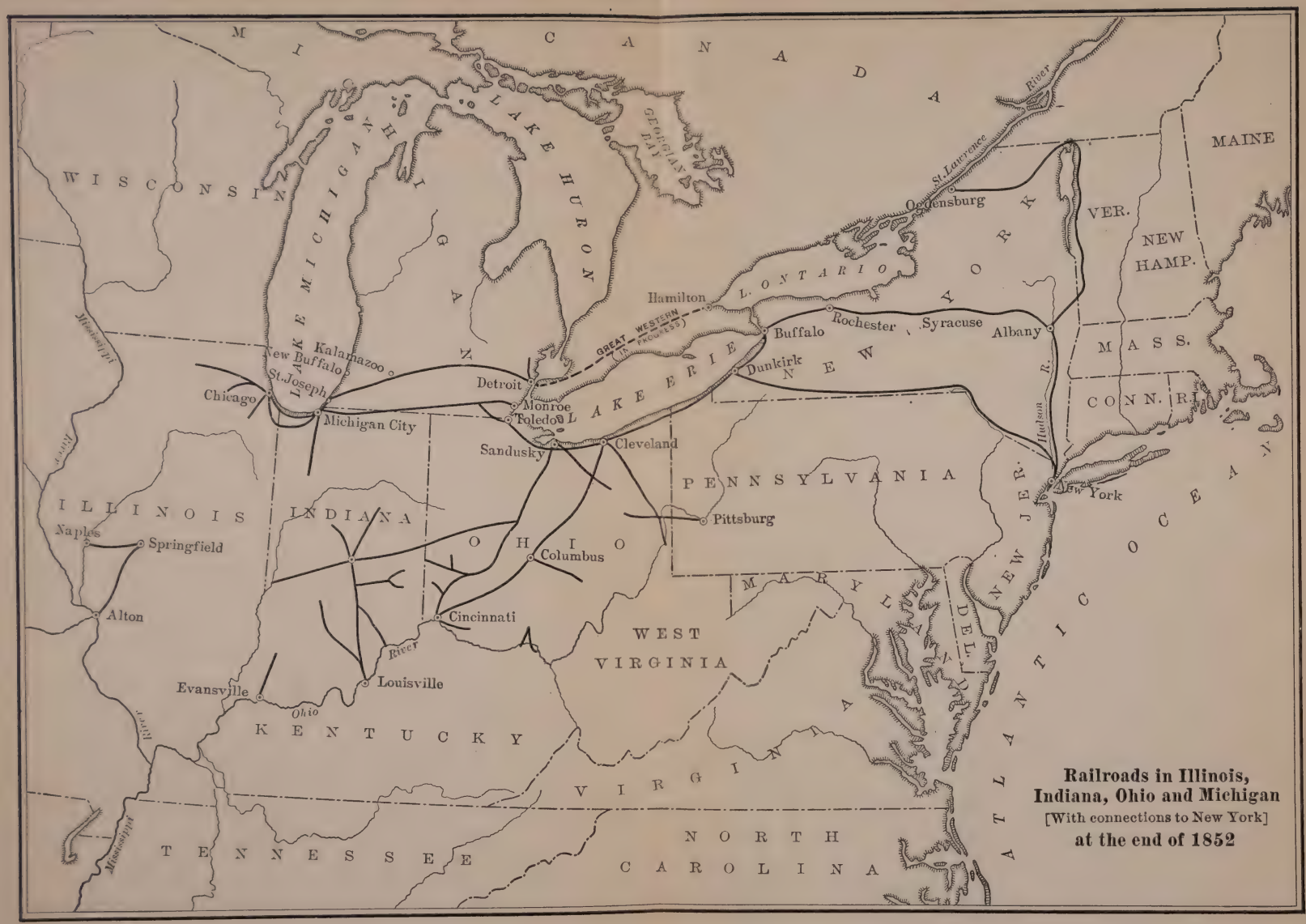
the Atlantic coast. In New Bedford, owing to the decline in profits from the whaling industry, there was also a considerable amount of capital that might be drawn into new projects. Through family connections in these two cities Forbes could make a good beginning, and in New York he got a large measure of help from his former partner in China, John C. Green. Moreover, he was sure of aid from the forlorn holders of Michigan bonds and internal-improvement warrants, who were only too glad to jump from their present fire into the frying-pan of railroad stocks. As one person after another looked into the facts about this worn-out railroad in the wilderness, it became plain that it was, indeed, a bargain. Brooks's report showed that there had been an increase of one hundred per cent in the receipts within the past year, and there was every prospect of even more satisfactory returns when the road should be built across the state and properly equipped. Finally, there was the assurance that it was to be controlled by Eastern capitalists of proved honesty and ability. Advantages such as these did not suffer when presented by a man like Forbes, who had vision, will, and above all the faculty of "pitching in"; and as the six months allowed for the formation of the company drew to an end, his tense and tireless efforts brought success. "I shall, I hope," he wrote when it was

all over, "have cause to look back upon this September as one of the best spent months of my life." He had, indeed, opened the door upon his true career.

On September 23, 1846, the Michigan Central Railroad took possession of its property. Forbes was president, having consented to take the office only because he found that otherwise the necessary capital could not be secured; but he arranged to put the burden of his work on the treasurer, George B. Upton, to whom he made over his salary. John W. Brooks, at Detroit, was to have charge of the running of the road.

Promising as were the prospects of the Michigan Central, the road itself, as Brooks's report made clear, was a shabby piece of property. The one hundred and forty-five miles of track from Detroit to Kalamazoo were in bad condition, and fifty-six miles more were needed to complete the line to the nearest point on Lake Michigan. There were only four passenger "depots" along the line, and at Detroit nothing but a small freight depot and an engine-house, both inconveniently situated at some distance from the water front. The value of the rolling stock was $68,000, the largest single item being $4000 for a locomotive of twelve tons.

The track, like that of all early railroads, consisted of beams of wood six inches square, to



Railroads in Illinois, Indiana, Ohio and Michigan
[With connections to New York]
at the end of 1852

which were fastened strips of iron half an inch thick by two and a quarter inches wide. The beams were fastened to cross-ties laid three feet apart, which in turn were laid upon under-sills, "the whole being supported upon short blocks of different lengths, varying according to the distance between the bottom of the under-sills and a firm foundation."[1] On the first thirty miles out of Detroit the wooden part of the track, which had been in use for eight years, had never been renewed, and was naturally much decayed. The iron, worn out and broken, curved up at the ends; and when one of these up-springing pieces thrust itself through the floor of the car between the feet of a passenger, it was expressively known as a "snake-head." Such a form of track, best described by the phrase "a barrel-hoop tacked to a lath," was already passing; and the charter of the new company required the road to be laid with a heavy H rail of iron, weighing sixty pounds a yard.[2]

When the directors held their first annual meeting at Detroit in June, 1847, the road had already proved prosperous enough to justify them in beginning at once to build toward Lake Michigan. They accordingly sanctioned expenditures

[1] Brooks's *Report upon the Merits of the Michigan Central Railroad as an Investment for Eastern Capitalists*, p. 4.

[2] The present weight of the heaviest steel rails is more than one hundred pounds a yard.

amounting to over two million dollars, which should give them a road fully equipped to handle its rapidly growing business. The actual cost, it may be added, was more than four million dollars.

It was at the time of this meeting that Forbes and some of his associates received their first lesson in practical railroading. They travelled on the road, explored so-called harbors on Lake Michigan in the search for a western terminus, went on to Chicago, and returned by steamer through the Straits of Mackinaw. Forbes, a born traveller, with a keen eye and a zest for every experience, described the trip in a journal letter to his wife, which deserves a place here for the picture it gives of the rawness of the country which the railroad was to do so much to develop.

Steamer Empire, MACKINAW, *June* 11, 1847.

We reached Detroit 1.30 in the night and landed in the mud, slept an hour or two, and had to get up and go to find T. Howe; Brooks, our mainstay, having gone West. We decided to follow, and started at eight or so on our railroad. . . .

For the first few miles the country was dreary; flat, with a great deal of surface water, through forests mostly, but dense and melancholy ones, water under foot and huge decaying trees lying

about; the trees generally tall and with no foliage until near the top.

We found the road in a most deplorable condition, the iron broken up often into pieces not a foot long, and sometimes we could not see any iron for some feet, only wood; in other places short pieces of iron, almost athwartships, but our protection was in its being so short that no snake-heads could reach the cars. This bad road lasted about eighty miles, the bad country about thirty, when we came to a little drier soil and passed through several flourishing villages.

Here we began to see the famous oak openings, — noble oak trees just far enough apart to let each take its handsome natural shape, just as a park should be; but, sad to tell, we seldom saw the openings in their beauty, for the trees had generally been girdled and stood naked and dead (some of them dying, having been cut this year), and fine fields of wheat growing right up to their trunks, and fields varying in size from twenty to two hundred acres each; but few flowers to be seen, and the houses far from our New England houses in neatness. At night we reached a dirty country tavern at Kalamazoo, where the road terminates. . . .

At K. we found Brooks was gone to Niles; and we resolved to follow him, and arranged to start with a barouche and four horses at 4 A.M. We sat up till half-past eleven talking with our engineers, whom we sent for to get information from them about our routes, and then turned in. In an hour Brooks arrived, and came to my room,

and after one hour's talk we decided to take him with us and push for the celebrated city of St. Joseph, fifty-six miles distant, which we accordingly did at 4 A.M. With few exceptions, our ride was like that of the day before, the roads execrable, full of deep holes and gullies, where we had a right to expect a capsize; but the weather was lovely beyond measure, and on the whole we enjoyed our drive, excepting that, not daring to drink the water, our tongues were parched like fever patients.

At four we reached the marsh which surrounds St. Joseph. Figure to yourself a pestilential black mud, quivering and shaking under its own weight, with tufts of grass, rank and uneven, a deep river in the midst, and sand-banks where the mud ceases. . . . Rising up from this was a steep but small bluff, extending into the lake, on which the city stands. Two handsome houses built in 1837, and I believe now empty, two large wooden taverns, one now untenanted, and a few other indifferent looking palaces, with some stray houses along the river, complete the *coup d'œil* of this famous city, which sprung up in a night and withered next day. The only pleasant thing was the fine view of Lake Michigan, blue, like the ocean, and wide.

We started out to make our observations, accompanied by pretty much all the town, some half-dozen people, who took care we should not be alone a moment for fear we should not appreciate fully the beauties of the place. We went over to Uncle Sam Russell's "Eden," which has

a fine map of land laid out into cities, and is called North St. Joseph. Drifting sand near the lake and the aforesaid marsh in shore. Nothing would induce me to visit this place again, unless I could carry Mr. Russell with me and witness his first interview with his domain.

June 12.

. . . We left [St. Joseph] on Sunday A. M. for Niles, 26 miles, and arrived there to dinner; the country dull for 12 miles, then tolerable. . . . We started at 7 along the lake shore for Michigan City; a beautiful day, the lake just like the ocean, plenty of deer tracks. Got there at 11 and examined the harbor to our satisfaction, and at 2 P. M. embarked in the steamer for Chicago, taking leave of Brooks who was bound back to Detroit. Found Mr. Ogden [William B. Ogden, first Mayor of Chicago] on board, a very agreeable man who came to Chicago 12 years ago, when it was a wilderness, and now there are 15,000 to 20,000 people there. Arrived at Chicago at 5 P. M. — hotter than Tophet. Established ourselves at an immense hotel, and the pangs of thirst being unbearable, we here broke into lake water astonishingly, and happily without bad effect. Mr. Ogden came for us at 6 or 7 in his carryall, and took us to drive about the town. Some of the houses are on a bluff (like that at Brooklyn) looking out on the blue lake, and it was lovely at sunset beyond imagination; few trees, however, and the ground under foot dampish, being called " Wet Prairie." Mr. O. offered

to drive us next day to the "Grand Prairie," 20 miles distant, but the roads were bad, the weather hot, and after a week's train we did not think it worth while.

Ogden's attentions, it soon appeared, were by way of inducing the Eastern capitalists to buy land for which he was the agent. The "wet prairie," within a mile of the hotel, he offered at $1.25 an acre. "Sheltered by our absurd prejudices against land," wrote Forbes thirty-five years later, "we were proof against Ogden's seductions, and I do not think any of us ever bought a foot of land in Chicago for ourselves while the road was in course of construction. My hotel bill of one hundred and twenty-five dollars would have bought one hundred acres, now worth $8,000,000 to $12,000,000."

This rawness of the land which the Michigan Central was to serve was matched by the inexperience of the settlers in the obligations of a railroad public. Having had things pretty much their own way in the days when the road belonged to the state, they did not take kindly to the regulations that were necessary to put the road on a business basis. The turbulent element which is found in every frontier community, being here well organized and determined to rule or ruin, precipitated a fierce struggle which was

the precursor of the granger difficulties of later decades.

In the early days of the road the locomotives had proceeded with such obliging caution that live-stock could browse between the rails in entire safety. Naturally, when under the new management the speed was accelerated, with the consequent destruction of cattle, the outcry was at first great. But the balm of damages easily obtained opened the eyes of the settlers to new tactics, and soon they took their pigs to the railroad track as to a market. As a counter move, when the line of track had been properly fenced in, Brooks issued notice to the effect that hereafter the road would pay only one-half the value of any animal killed. The contest was then joined. Trains found their progress blocked by logs on the track, and on grades the rails were often greased, so that the passengers had to get out and work their passage. In his Reminiscences Forbes tells the story of the struggle.

In the country next west of Detroit the lawbreakers were so strong that it was said no judge or jury dared to convict any of the prominent men among them; and it was soon evident that here was the battle-ground between order and disorder. Mr. Brooks at once took his measures with his characteristic foresight and decision. When almost powerless, he maintained the best

truce possible, protecting his property and trade by special police raised from his own men, and usually running a hand car ahead of every train, as I remember was still done the first time my wife and I went over the railroad. But Brooks laid his plans for more thorough work. His shrewd lawyer sent on colonists to settle on the line of road in that county as farmers, and at the same time to get evidence against the conspirators, who had determined either to destroy or control our road. He also quietly took measures to get the legislature to change the general law, so that criminals could, when circumstances justified it, be tried in counties other than those in which their offences were committed. While thus accumulating evidence and getting ready for enforcing his rights, he went on extending and rebuilding the road with vigor. The conspirators were led by a man named Fitch, supposed to be quite rich for the country, who boasted that no court would give a verdict against him or his men. Misled perhaps by Brooks's quiet methods, he extended his operations from putting obstruction on the track and firing upon trains, to burning wood-piles and depots, destroying at one fire $75,000 worth of property. . . .

When in due time Mr. Brooks's plan was ripe, he one night sent out a train-load of special officers, chiefly enlisted among his own men, and captured [thirty-five] of the conspirators without a blow being struck or any resistance attempted. They expected to be carried only to their county town, there to be bailed out; but, when they ap-

proached Detroit, they found for the first time that the law had been changed, and that they could be tried in a place where justice was possible. They hired William H. Seward to come from New York and defend them, which he did in a speech worse than any made by himself or any other demagogue in this country. The trial lasted all summer, Fitch and one or two others dying in jail, it was said in consequence of medicine taken to produce illness and prolong the trial in hopes of a disagreement of the jury. Mr. Brooks's measures for getting evidence and working up his case were so good that in spite of Seward's help and of all the disadvantages of a great corporation prosecuting individuals and farmers, all the worst members of the gang were . . . convicted. . . . It was the great railroad trial of this century, and settled many practical questions for all Mr. Brooks's successors in railroad building and management.

In the operation of the road, Brooks, as this episode makes clear, was the guiding spirit. Besides being an experienced engineer, he was an executive full of energy and resource. For very little of what he was called upon to do was there any precedent; conditions were so exceptional that his inventive genius was heavily drawn upon. It was, in fact, a typical instance of the way in which mother wit and Yankee ingenuity can save a situation and establish order out of chaos.

Such success as Brooks achieved in his own department, however, would have been impossible if the financial management of the road also had not been masterly. The older railroads in the East yielded every six months a wreckage of embarrassments and disasters, all due to the mental or moral incompetence of the men who undertook to guide them through the uncharted waters of railroad finance. To find and to keep the channel under such circumstances required a remarkable measure of alertness, faith, and courage. Railroading is preëminently an enterprise in which men must think in decades and scores of years; yet at this time the oldest road in Massachusetts had been running barely fifteen years. So it was that, in these hobble-de-hoy days of railroads, the Michigan Central owed no little of its brilliant success to the fact that its financial affairs were guided by a man so sound and resolute as John M. Forbes.

In the first three years of Forbes's presidency more than $6,000,000 were required for the purchase, construction, and equipment of the road. It was his business to secure this money, and the limits within which he could work were narrow enough. With Baring Brothers and with bankers in Europe, it is true, he was in close touch through his ventures in the China trade, and to such men he was constantly expressing the hope that the

high rates of interest prevailing in the United States might prove more tempting than the three or four per cent they could get at home. "You are probably aware," he wrote in March, 1849, to a merchant in Hamburg, "that for 18 months past the *best* paper, such as that, for instance, of my good uncle, T. H. Perkins, Esq., with other names on the notes, has been selling here at from 10 to 18% per annum." But foreign bankers, making no distinction between enterprises backed by poor and irresponsible Western states, and those financed by reliable Eastern merchants, were proof against his allurements; and in these first years, except for one small loan obtained at the very beginning, not a cent of foreign capital went into the Michigan Central Railroad. On the other hand, the continuing decline of the China trade and the whaling industry in New England was an opportunity of which Forbes made the most. By his persistent and persuasive application to his friends, and by the action of the directors in applying to construction the eight per cent dividend of $176,000, earned in 1848, and issuing a dividend of stock, the cash needed to complete the road was raised.

Thus, thanks to the faith and works of Brooks and Forbes, when, in the spring of 1849, the line was completed from Detroit to New Buffalo on Lake Michigan, the stockholders had every

reason to be satisfied with their investment. Not only was the road well constructed: it was adequate in its provisions for increase of traffic. Moreover, the company had built the Mayflower, one of the largest and fastest steamers in the country, to run between Buffalo and Detroit, and thus it controlled the only quick route to the West. With the assurance of a large amount of through traffic to be added to its already profitable and rapidly growing business, the road promised to become without further delay a highly remunerative investment. Forbes and Brooks, to be sure, perceived that their very success, taken with the quickened development of the West, was bringing the danger of competition nearer and nearer. They could not expect to keep their advantage much longer to themselves. But the conservative majority looked upon any such possibility as chimerical; and the directors, confident that the road would never need to go beyond the western boundary of the state, even rejected a chance to obtain for a song a railroad charter which had been granted by the Indiana legislature. They had made their investment; the railroad was finished; they now wanted the profits to come in.

II

Within a year, however, these illusions of security were dispelled. A group of New York

capitalists bought the Michigan Southern, the straggling zigzag bit of line, once the property of the state, which has already been mentioned, snapped up the Indiana charter which the Michigan Central had rejected, and prepared to build a cheap railroad from Toledo to Chicago. At the same time it became apparent to the most conservative minds that the construction of a railroad along the southern shore of Lake Erie was only a few years distant. If the Michigan Central were not to become an isolated piece of road, picking up what business it could between its two lake terminals, it must extend its influence both east and west. Its owners must, in fact, double their investment if they were to save what they had already put in.

Among the causes that accounted for the extraordinary development of the period upon which the Middle West was just entering were such obvious ones as the steady increase of the population, particularly after 1848, by immigration from Germany, and the general introduction of the McCormick reaper, which made possible the increase of the grain harvest twenty or thirty fold. Furthermore, commerce between this region and the cotton-raising states had outgrown the capacity of the rivers and demanded a railroad from the Lakes to the Gulf. So imperative was this last need, that in 1850 Congress granted aid

from the public lands along the line of the proposed route. With this magnificent gift, the roads that were to compose the system — the Illinois Central and the Mobile and Ohio — could make a successful appeal for capital.

But perhaps the chief reason for the rapid development of these years, especially as regards railroads, was the call of the Far West. With the discovery of gold in California in 1849, the nation took a continental view of itself. Its first thought was to abridge the journey, long and wearisome whether by land or by sea, to the Pacific coast, and every railroad in the Mississippi Valley entertained schemes of laying its track westward over the prairies. "The discoveries of gold," wrote Forbes in 1854, "have been the direct cause of the construction of four-fifths of the Western railways begun since 1849. The success of a few which had been previously constructed gave confidence, it is true, and the West had been fast developing; but not much faster than it had been in four years previously, when hardly anything was done in railways there. This sudden success of Western enterprises was also in the face of the failure or the depreciation of the Eastern railways."[1]

By the year 1850 Eastern financiers were fully awake to these marvellous opportunities for the

[1] February 20, 1854.

investment of capital. Their own resources being still inadequate, they again appealed to Europe. "As money seems to be a drug on your side," wrote Forbes, in May of 1852, to the merchant in Hamburg to whom three years before he had turned in vain, "while we have still use for it here at a fair price, I cannot help repeating the suggestion which I then made for your consideration. When I see quotations on your side and on ours for money, I feel just as you would if old *Java Coffee* were selling here at four cents, and a drug at that, while *fifteen days* distant it was worth eight cents in your market."

And to Russell Sturgis in London he wrote in September, 1851, concerning the prospects of railroad building in Illinois: "Imagine a deep black soil, almost every acre of which can be entered at once with the plough, and an enormous crop secured the first season, but where the very fertility and depth of the soil make transportation on common roads almost impracticable at the season when produce ought to be sent to market, and this region now for the first time opened to a market by railroad. The farmer himself in the interior of the state will be nearer New York *in time* and even in cheapness of transporting his produce than the fertile Genesee valley was before the Erie Canal was made, and where poorer land is now worth one hundred dollars per acre

and upwards — nearer in time than many parts of the interior of New York and Ohio *now are.*"

The result of this constant hammering and of such a fact — patent to all — as the success of the Michigan Central, was that the English threw their hesitation to the winds, and after it their discretion too. The same British lack of discrimination which, after the panic of 1837, had lumped together all investments in the Middle West as bad, now lumped them all together as good.

Whatever the remote danger from this state of things, — and, as will presently appear, it was a danger that Forbes saw clearly, — the immediate advantage to the Michigan Central was the assurance of an adequate supply of money for its westward extension. Its first move was to build some ten miles of track, from New Buffalo, in Michigan, to Michigan City, in Indiana. There remained fifty-five miles to be constructed to Chicago, — work which had to be done under conditions of irritation and excitement, for their rival in the race, the Michigan Southern, proved to be both alert and slippery. To build in Indiana, the Michigan Central put money into the New Albany and Salem road, a local affair which had thirty-five miles of track in the southern part of the state and a charter conveniently vague, and which, in return for the grateful inflow of Eastern capital, consented to begin build-

ing at once a "branch" around Lake Michigan, in the northwestern corner of the state. The "Southrons" protested, and persistently sought injunctions; the Michigan Central men, to prove their good faith, had to put their hands deeper into their pockets, with the result that the New Albany and Salem achieved the glory of becoming the first line to connect Lake Michigan and the Ohio River.

In building the twenty miles of track in Illinois between the state line and Chicago, even greater difficulties were in the way. Partly from proper reasons of economy, but chiefly because it had no charter and the legislature would not meet for a year and a half, the Michigan Central desired to build and use a track in common with the Illinois Central; and a secret agreement was made between the two companies by which the Illinois road, in building its branch from Chicago, was to deflect its line some half a dozen miles to the east, touching the Indiana boundary at the point where the Michigan Central stopped. In return for this favor, the Illinois Central, as yet barely organized, acquired the universal desideratum, Eastern capital, and could begin to build at once.

At the mere suspicion of such plans, Chicago burst into wrath. Hitherto its isolation had greatly retarded its growth. Islanded in "wet

prairie" and Illinois mud, it was practically inaccessible by land; by water the route from the East was long and roundabout, while from the West the Illinois and Michigan Canal had been open for only a few years. Thus in 1850, though it had increased by 10,000 in the preceding decade, its population was still under 30,000, a pitiable showing when compared with the great river cities of Cincinnati with 115,000, and St. Louis with 78,000. Through railroads it hoped for salvation; and yet even here there was danger. Lying fifteen miles to the north of the southern end of Lake Michigan, it had fears lest the main line of traffic to the west and the southwest might pass it by altogether; and it shuddered at the prospect of becoming a mere way-station on a branch. Therefore, when in the spring of 1851 the city discovered that three railroad companies were making plans for entering it, it assumed an attitude of aggressive sensitiveness, — perhaps not unknown since, — and sought to dictate terms. Newspapers, city officials, and business men insisted that no through passengers or freight should be transferred at any junction-point outside the city, but that all should be brought within its gates for tribute. Furthermore, the hack-drivers and teamsters, fearing that their prospective trade might be nothing but a Tantalus glimpse, raised a cry that each

railroad must enter the city on its own tracks and have its own station.

These matters all came to a head in July, 1851, when two "railroad conventions" were held in Chicago, at which the plans of the roads for reaching the city were made known to the public. The commotion, it is true, never reached the intensity of the "Erie War," that famous contest for a break in gauge in order that the piemen of Erie, Pennsylvania, might sell their wares to passengers changing cars; but it is amusingly characteristic of this period in railroad-building. Indeed, for a season the lustre of even the great Judge Douglas was dimmed in Chicago by reason of his attitude on the railroad question.

The Michigan Southern smoothed its way diplomatically. Having secured the charter of a plank-road company which was alleged to have railroad privileges, it proposed to come into the city on its own track, thus making sure of a gracious reception by the Chicagoans and of a generous subscription from them to its stock. The Illinois Central and the Michigan Central, for proposing to come in together, were looked upon with disfavor. The directors of the Illinois road accordingly did not dare to carry out their agreement to swing their track eastward to the Indiana line and there connect with the Michigan road. The nearest that they would consent

to come left a gap of six and a half miles, over which Brooks and Joy proposed to build without a charter, trusting to the next legislature to legalize their action.

Forbes protested. "Going without a charter a quarter-section is as bad as the Atlantic would be." Unused prairie though the land was, he argued, their enemies would be sure to build a highway across their proposed line to block them. Nevertheless, as the months went on this unsatisfactory scheme proved to be the only basis on which it was possible to go ahead.

Meanwhile in Indiana each company was racing to get its line completed first. The Michigan Southern men had the advantage of a good start, and were not retarded by scruples as to building solidly, but the seasons in their courses fought against them. The rails for the last section of their track reached Dunkirk, on Lake Erie, after the lake was closed to navigation, and, as luck would have it, in the following spring the lake was not clear until a month later than usual. So, although the Chicago end of the line was completed, in Indiana passengers and freight must be transported a distance of thirteen miles over a plank road. The Michigan Central, on the other hand, having ordered its iron in good season from England, built steadily and achieved the triumph of beginning its regular through

service on May 21, 1852, a day ahead of the first through train on the Michigan Southern, and a week before that road was in regular running order. A month later, at a special session of the Illinois legislature, the six-mile bit of track in Illinois was legalized.

In the midst of this struggle to extend its road to the west, the Michigan Central was forced to look also to the matter of Eastern connections. A line of roads between Buffalo and Toledo connecting with the Michigan Southern was already under construction. Therefore the Michigan Central stockholders were urged, in the most persuasive of circulars, to subscribe to the stock of the Canada Great Western, which was to run from Windsor, opposite Detroit, through Ontario to Niagara Falls, there crossing the river by a suspension-bridge. Although the scheme had many advantages, notably in the shortness of the route, Forbes and his friends were hampered by the necessity of working with a foreign corporation. First, the Canadian road insisted on a different gauge of track from that of the Michigan Central. Then, at the instigation of sharp citizens of Detroit, with an eye for making a penny out of delayed travellers, it attempted to locate its station in Windsor at a point as remote as possible from the station of the Michigan Central.

A later and more serious cause of trouble was

the attempt of its Canadian directors to sell the road to the Grand Trunk. Journeys to Canada on the part of Forbes and other American directors were constantly necessary "to kill off some rascals"; but as troubles continued and multiplied, and as it was found inexpedient to make an appeal to the English government, the Michigan Central men, after a few years, withdrew altogether.

In these labors to make the Michigan Central a link in an all-rail route from the East to Chicago, the directors of the road had assumed heavy burdens and run great risks. Besides adding a million and a half to the cost of their own road, they had been obliged to purchase bonds of the Illinois Central and the Indiana roads to the amount of $600,000 and $800,000 respectively, and they had contributed no less heavily to the Canadian line. But they had been face to face with the emergency of competition. Not to have accepted the challenge would have been to throw away all the money and labor that they had put into the road — a mocking of their visions. And from the competition which they had spent so much to enter there lay a further danger, in that their rivals were unscrupulous.

For the next five years operating expenses were heavily increased by the necessity of more frequent and more rapid passenger trains, and of

"runners" at various Eastern passenger stations, and earnings were cut into by reduced freight rates. Every truce made in the shape of an agreement as to rates was secretly violated by the Michigan Southern, and then followed open war. This state of things continued until the Michigan Southern was wrecked in the panic of 1857. After that, with a new management in control, an arrangement that proved permanent was made between the two roads by which the steamboat lines of both on Lake Erie were withdrawn, the number and the speed of the through passenger trains were reduced, and the freight earnings pooled on a basis of fifty-eight per cent for the Michigan Central and forty-two per cent for the Michigan Southern. In this fashion these financiers discovered the laws of competition and combination in the field of railroading.

In spite of the weight of the burdens caused by construction and competition, the prosperity of the Michigan Central in the years from 1852 to 1857 was sufficient to carry them easily. In a résumé of the history of the road made by Forbes in December, 1855, after nine years of operating under private ownership, he told the story of its success in striking figures.

The history of railroad enterprise in the West, up to that time [1846], was one of almost univer-

sal failure, and we were entering upon ground that was worse than untried; it had been prematurely tried under the auspices of the state governments, and isolated embankments at various points stood as monuments of disaster. . . .

With very good management it [the Michigan Central] was capable of earning as a maximum $400,000 per annum; it has now grown to be 269 miles long, with a power of earning over $2,500,000.

During our first winter, say December, January and February, 1846–47, our *total* receipts were about $53,000. For the first winter after our completion to Chicago, say December, January and February, 1852–53, our receipts had grown to be $164,000. While we have earned during the *first two weeks* of this month, December, 1855, $114,000.

The present termini of our road then claimed to have, Detroit and Chicago, each about 14,000 inhabitants, the former now claims 49,600, and the latter 80,000. . . .

The whole number of miles of railroad west of Buffalo and north of the Ohio River was only about 500 miles, and these laid with a flat rail; where there are now over 7300 miles of road finished with heavy rails, besides a large amount of unfinished roads.

Detroit was then three days' journey from the seaboard in the summer, and five or six days in winter. It can now be reached in about twenty-seven hours.

With an addition to construction of thirty-eight per cent, the business of the road had grown one hundred and forty per cent. The increase in gross earnings in 1855 over 1854 was forty per cent, and the limit of its capacity as a single-track road was fast being reached. Moreover, the increase of traffic from the new roads in Illinois which were in alliance with the Michigan Central — the Illinois Central and the Chicago, Burlington, and Quincy[1] — was only just beginning to be felt.

In this period of feverish expansion and fierce competition the management of the railroad remained unchanged. The burden of responsibility borne by Brooks and Forbes had, of course, increased enormously; and their long toil was filled with diverse activities and charged in the highest degree with excitement. It was not within the power of either man to hold himself to the strict letter of his proper duties. Thus Forbes busied himself with a comprehensive scheme of railroads for the State of Illinois, and even of lines beyond the Mississippi, at a time when there were not a hundred miles of track west of Chicago; thus also he took hold of the company which, with Brooks as constructor, built the "Soo" canal. The thousand and one possibilities which his nimble imagination was continually starting up,

[1] See pp. 73–78.

his relentless habit of action drove him to carry into execution. No detail escaped him. Having noted the character of the land in southwestern Michigan, he tried to have the cultivation of beet-sugar begun there; he sent fir and spruce trees to be planted on the station grounds of the railroad; he suggested improvements in passenger cars; he threw himself with ardor into the details of construction and equipment of the company's boats on Lake Erie. Moreover, with all these affairs on his hands, he was supposed to have enough time to hear the complaints of dissatisfied patrons. "One of our large stockholders," he wrote to a correspondent, "wants to bring a friend to let me know how badly we manage. A white-gloved, mustachioed youth is shewn up, who is in the habit of going from Detroit twenty miles west, and he telths me in a lithping voith I can't contheive of the ungentlemanly conduct of the conductorth — often and often he could not get a theat exthept alongthide of thome rough ill-drethed fellow and onth he had paid a dollar to a fellow to get up!

"Well! I tried to hire the young gentleman at double his *entire* value per annum to go everywhere and *abuse us*, as being the type of a considerable clan of complainants who want RRd Companies to send along *twenty tons* of cars to carry the number of passengers that *ten* tons of

cars are made to carry, and this without the *inevitable consequence* of such waste, viz., the charging the Passenger with this additional cost of his transportation."

Then, too, the conditions under which Forbes did his work would, to the business man of to-day, seem appalling. Not only was there no telephone, but even the telegraph was used sparingly. Furthermore, since Brooks and Joy were at Detroit, and two of the leading directors, Green and Corning, were in New York and Albany respectively, the discussion of every important matter had to be through correspondence, and almost all Forbes's letters were written with his own hand. At the end of a day in which he had filled thirty-one pages of his letter-press book, he wrote: "Y'rs in great haste, hunger, and all uncharitableness, having been here at my desk since $8\frac{1}{2}$ A. M., now 6 P. M., living upon crackers! but still, Yours Truly."

The pace of such a life was naturally great. Though at the age of thirty-eight he described himself as having "the appetite of a horse, the digestion of an ostrich, and legs up to eight hours' walk per diem without fatigue," yet the strain was too much even for his constitution. In 1855, after a trip to England, whither he had been ordered for rest, he wrote, urging a vacation on a fellow director: "With my rude health

and strength I find that I cannot stand the wear and tear of constant thought and I am determined not to sacrifice myself to it. On my outward passage to England I found the railroads had made such inroads upon my brain that the moment I got asleep I was harder at work upon them than when here; and until I got on shore and amid new scenes I could not get rid of the cursed nightmare of a railroad *horse* riding *me*."

With his return home his worries came back, and he was given strict orders to reduce his burden of responsibility. "Being of a nervous, anxious temperament, it takes me down and may take me off." Accordingly, in December, 1855, after nine years' service as president, he sent to the directors of the Michigan Central his resignation. Thus lightened of his chief burden, Forbes expected to be able to give time to newer railroad interests which had developed farther west, and yet have enough leisure and freedom from care to piece together his broken health.

This hope, however, was not to be fulfilled. The new management of the Central was naturally more versed in ways and means for securing effective service on the road than in the maintenance of a sound financial policy. It immediately launched forth into large expenditures for cars and locomotives and for the improvement of station-lands and buildings at Chicago and De-

troit, and it purchased another steamer to run on Lake Erie. To this end it borrowed money heavily and, despite the mild protests of conservative directors, at the same time continued to pay semi-annual dividends of five per cent. Furthermore, trusting that there would be no break in the succession of prosperous years, it neglected Forbes's parting word of advice that a sinking fund should be established for future contingencies. The natural result was the appearance in the report of June, 1857, of a large floating debt. At sight of this Forbes roused himself to urge that it should be funded by an issue of stock or bonds, and that the semi-annual dividends should be reduced to four per cent. Nothing was done at the time, however, and Forbes, busy at his island home of Naushon, where he was trusting to complete his recuperation by a summer spent in "eating, sleeping, talking, and wearing out old clothes," let the matter go.

In spite of the summer calm prevailing both in the financial world and at Naushon, the disaster which Forbes had foretold — "an awful smash-up in railways from ill management, dishonesty, overdoing" — was at hand. Yet, as is always the case with panics, the weather-wise saw little cause for alarm in the small cloud that towards the end of August appeared above the horizon, and predicted only a squall. On August

25, 1857, Forbes's agent in Boston wrote to his correspondents in China: "The specie in the New York banks has fallen off to about ten million, and we have in prospect a good deal of a contraction in loans with a consequent tight money-market. There is quite a panic to-day in New York, arising out of the failure of the Ohio Life and Trust Company and several large operators in Western railroad securities, and prices of stocks (generally railroad) have tumbled down so much as to give cause for a great deal of uneasiness as to the extent of the damage to other interests. . . . As soon as the rotten railroad concerns are out of the market as borrowers, an improvement in the general tone will probably take place."

This scare, the beginning of the panic which made the year 1857 memorable, roused the management of the Michigan Central to action; but they had delayed too long, and the course of events was soon beyond their control. "We are in such a crisis," Forbes wrote,[1] "as only those who went through 1837 can conceive of — New York Central Railroad has run down from 87 to 55, and Michigan Central from 95 to 45, while the weaker concerns are clear out of sight — Erie 10, Southern Michigan 10–15.

[1] September 28. *Letters and Recollections of John Murray Forbes*, vol. i, p. 167.

"Having taken in sail, not expecting a storm, but out of pure laziness, I am very easy unless other people swamp me; but I don't believe W. Appleton's note indorsed by W. Sturgis would bring $100,000 here within forty-eight hours, at three per cent per month, — such is the panic."

For the unfortunate Michigan Central it seemed as if all were lost; but to Forbes such an emergency was a call that summoned all his stores of courage, loyalty, and resourcefulness to do the impossible. He appealed to a New York director[1] —

Brooks writes me that you talk of resigning. Such a step at this crisis would have the worst possible effect upon our own friends and also on the public. Jno. Thayer [the Boston banker] is sick, and this throws a great weight on his brother; Livermore nervous and timid, Brooks overworked, and inexperienced in finances. . . . If you and I give up, I see nothing for it but panic. As far as I am *personally* concerned, perhaps it will be best for us all to give in and leave it to the stockholders to fill our places, but to desert our post just now does not seem to be the thing, and when you look at it in its practical aspect I hope you will agree with me that we had better hold on at least through the squall, and when we go leave the ship in a safe place.[1]

[1] September 26, 1857.

To J. N. A. Griswold, another of the directors, he wrote as follows: —

Jno. E. Thayer is dying or dead, banks and money-lenders scared into panic, and I am called up to a meeting of the Mich. Central to advise what to do about carrying their floating debt (1400 n [thousand] and over the last report) and meeting bonds maturing. G—— shows some signs of backing out (but I hope to induce him to act with us) just in the midst of this storm, from his share of responsibility, just when the company must take the conservative measures which his cautious disposition has always pointed to, but which he failed to advocate strongly at a time when they were opposed by others. Now caution and foresight are the order of the day.

I can myself see no way but to advertise for proposals for a new loan, make it safe with sinking-fund, tempting in its terms, and accept a low price, shut off construction, and in fact take any steps (not suicidal) that money-lenders may dictate. . . .

Supposing we publish proposals for $2,000,000, payable through several months. Do you feel disposed to make one of a party to make a bid for those bonds, at a low rate, so that if others don't give more we can get them at a rate that will make us very safe? They will probably be eight per cent bonds convertible, 20 to 25 years, with a sinking-fund large enough to pay them all before they mature; each year the sinking-fund to be applied by *commissioners* to buy-

ing this issue of bonds by public proposals, so long as they can be had at par or perhaps 110. I think Barings will take hold of it. Thayers must take a large slice. Holders of bonds maturing ($800,000 or more within 10 months) will naturally come in to a certain extent, and the smaller capitalists will do something. . . .

With a conservative Board on the Southern Road and a general tendency towards reducing speed and raising prices, the Co. ought to be worth more than it ever was before.

Though these exhortations put an end to talk of resigning, matters otherwise grew worse. The squall proved to be a "tremendous hurricane," with suspension of specie payments a near probability. If any succor were to be obtained for the Michigan Central it must come from abroad, and Forbes himself must go to get it, though there was small chance that the Barings would listen to his proposals. Such a scheme received, as he wrote afterwards, "nothing but discouragement from all my conservative friends; they looked upon our plan as desperate, indeed, as being only a 'forlorn hope.'" Still, as, in the demoralization of the panic, he was the only one who kept a cool head and a resolute will, there was nothing for him to do but pack his trunk at a day's notice and take the first steamer for England.

Soon after his departure the general suspension of specie payments became a fact, and the Michigan Central declared itself unable to pay the interest on its floating debt. Nevertheless, through the personal appeals that Forbes had made before he went, the subscriptions, when the bids were opened on November 10, were adequate; and, with what he obtained in England, though the terms were not easy, the whole sum was made up. Though the first bonds went for 70, within two months' time they were worth 93. In short, thanks to this heroic effort, the Michigan Central was in a better position than ever before. Writing on December 9, after his return to America, to an English correspondent in Calcutta who had been prompt to help, Forbes summed up the story thus: —

The rival road has now made a combination with M. Central as an experiment which destroys competition, and, with a better chance than ever for reduced expenses, its future looks very well to those who are not depending on this year's dividends, which will go to clear off old scores. Its credit will *hardly* be touched, considering the power it has shown of recovering from the sudden flaw which capsized it; and many men think better of it than before, because in the midst of panic, the Co. shewed pluck and protected *old* bonds and new alike by its mortgage. Any

road, they say, may get caught, but this one has not only shewn capacity to pay, but a sense of mercantile honesty to its bondholders and other creditors which begets more confidence than the *mere* capacity to pay.

With this signal act of courage and devotion to the interests of the road for which from the beginning he had been responsible, it may be said that the days of Forbes's railroad education were completed. So far as money went, his profit had been small. The only direct return was a sum of $20,000 which the board of the Michigan Central had voted to him at the end of his term, to replace his salary; the opportunity at the time of the crisis of purchasing stocks and bonds at a low figure he had been too hard pressed to take much advantage of; and when a few years later the great rise in Michigan Central came, he had sold the larger part of his holdings. But in railroad financiering he had received an invaluable training. He had taken the road through all the stages from "promotion" to bankruptcy, and had brought it out triumphant. This fact was generally recognized, and the increased confidence which was everywhere felt regarding the safety of the Michigan Central was in effect a recognition of the honesty of its first president.

CHAPTER III

RAILROAD BUILDING IN ILLINOIS AND BEYOND

RAILROAD enterprises inevitably quicken in those who plan and manage them an attitude of mind that is not local but national. The business of transportation is founded on large geographical relationships; the point of view of a railroad builder cannot be narrower than that of a statesman. Though in comparison with the undertakings of the present day the task of planning railroads for the single state of Illinois may seem sufficiently local, the conditions in the early fifties were such as to involve operations of national, and even of international, extent. To obtain the capital for getting these enterprises under way appeal must be made to England; to provide the necessary population for the broad prairies immigration from Europe must be stimulated and directed; from the Middle West, in return, the countries of the Old World must be taught to buy their breadstuffs. With problems of no less scope than these the Western railroad-builders of those days must be able to grapple, and in masterful fashion.

Forbes's views on the question of immigration

illustrate the point. In 1852, his attention was drawn to the investigations made by Edward Everett Hale, then a young minister of thirty, concerning the abuses that had already sprung up in connection with the introduction of European labor. Writing to Hale, Forbes pointed out the extent to which immigrants travelling west by rail and boat were fleeced by "scalpers"; and he urged the importance of some organization which, by combining business methods with philanthropy, should bring the foreigner to his new home unattended by robbery and deceit. The penalty for the evils he condemned we are paying in our own generation.

I have long been of the opinion [he wrote] that the subject of Emigration opened the widest field of this *century* for a scheme of practical benevolence, and indeed for carrying into practice the theories of political economy; but it will require a combination of practical mercantile wisdom with a spirit of patience and even of martyrdom that we can hardly hope to see. I know of no *elements* that offer more inducement to the economist to bring them together than the strong hands and empty stomachs of Europe, and the rich *Dollar-an-acre* Prairies of the West. California is a cypher in comparison, a mere producer of the *measure* of value, not of value itself. The railroads which are at last checkering the West in all directions will give a new element

of *certainty* to the transit of the Emigrant which has been hitherto wanting, and when steam or some other motive power shall make one or two more steps onward so that you can *count* the hours which it will take to carry your starving Celt or German from his old home to the new one, it seems to me that Philanthropy *must* take up Emigration and deal with it on commercial principles, and that we shall then see such an exodus as nothing but the iron hand of despotism can check, and that how long? . . .

If you want to change things and fight the abuses you must make your scheme of benevolence a *profitable* one or it will only go a mile while the enemy is traversing the globe! Benevolence may point the way and law may and must help to regulate the abuses which have grown up; but when you are dealing with an Emigration of 400,000 people who, I will venture to say, are fleeced $10 each to bring them from their hovels in the old world to their houses in the new, here is a premium of four millions per annum for the Devil to fight with.

Shew John Bull with his capital and Bro. Jonathan with his energy how they can make $4,000,000 out of the emigrant by starting him at the right time and place and putting him down at a prepared spot where he can *earn* his $ 10 a piece or more during the time he is now starving in cities, lingering in canal boats, and changing from place to place seeking work or seeking land.

Do this, and it is a *low* statement of what intelligence and knowledge may do for the hordes

now swarming out here, and you soon establish a system that *pays* its way and will grow from year to year.

You will say Commerce must regulate itself — true — but from the benevolent suggestion of Las Casas, which substituted the whole race of Africans for Indians, down to the ice trade *invented by Tudor*, great commercial changes have been effected by individual men's pointing the way and demonstrating by experiment *how* things may be done.[1]

The possibility of getting a European market for the grain of the West was another matter that engaged Forbes's thoughts. He was full of schemes for articles in American magazines and for letters in the London "Times" showing how much lower the price of grain would be when the West was provided with adequate railroad transportation. Nothing came of these plans, it is true, for it was obvious that such articles, if they found their way to Illinois, would not advantage the railroad in the eyes of the farmers. Curiously enough, though, toward the end of the Crimean War, Forbes was employed as agent in the purchase of large supplies of breadstuffs to be sent to France. Though the orders came through Baring Brothers, it was known that the buyer was Louis Napoleon. Plainly, the time was

[1] June 24 and 30, 1852.

near at hand for bringing together "the strong hands and empty stomachs of Europe and the rich dollar-an-acre prairies of the West."

Last, and by no means least, Forbes was deeply interested in the project for a railroad from the Mississippi to the Pacific. Ever since the beginning of the gold fever in California he had made ventures with clipper ships, "practically yachts from 1500 to 3000 tons measurement, racing day and night around the Horn, making wonderful passages and getting wonderful prices for their goods;" and his brother-in-law, Robert S. Watson, had established a commission house in San Francisco. From Forbes's knowledge of conditions in California he felt strongly the political and military as well as the economic importance of a railroad to the Pacific; and he repeatedly urged upon members of Congress the necessity of Federal aid for it, and the desirability of its being built, — as in our day it has proved necessary to build the Panama Canal, — by the military arm of the government.

General considerations such as these were ever present with Forbes. Though for the most part dwelling in the back of his mind, they none the less gave breadth and direction to his day's work, which was the task of building railroads first across Illinois and then beyond the Mississippi

River, always under abnormal conditions and at a forced rate of speed.

Illinois, like her sister states in the Middle West, possessed the rich soil that at the same time produced a marvellous crop and prevented its being hauled to market. As in their case, too, her early efforts at "internal improvements" had come to naught in the distressing years following the panic of 1837. Even as late as 1850, all that she had to her credit were a canal connecting the Illinois River with Lake Michigan, a few miles of isolated railroad in the middle of the state, and a number of unused railroad charters. In 1850, however, the first waves of the returning tide, bearing both population and capital, reached Illinois, and at the same time success rewarded the efforts of the state to obtain aid from the national government for railroad development. The waterways between Lake Michigan and the Gulf were, as has already been noted, far from adequate to provide for the great volume of north and south traffic; and thus, for the sake of establishing a better bond between West and South through the construction of the Illinois Central and the Mobile and Ohio railroads, the Thirty-First Congress reversed the policy of its predecessors, and in September, 1850, passed the first of the acts granting public lands to aid railroad development.

By the terms of this act the Illinois Central was to receive a right of way two hundred feet in width, and on each side of it every other square mile or "section" of land to a depth of six miles. These lands, unsalable at $1.25 an acre, would by the building of the railroad be sure of purchasers, and by doubling the price per acre the government would be provided from the half of the land which it retained with a sum equal to the price at which it had held the whole. If the road were not completed within ten years, the lands unsold by it were to revert to the government, which in that case was to receive also the value of the lands sold. Furthermore, — a provision which in later years has been used to the disadvantage of the railroads, — the rate for carrying the mails was to be fixed by Congress.[1] Finally, the charter granted by the state provided that, in consideration of payment to the state of 7 per cent on its gross earnings, the road was to be exempt from taxation, and it put the rate-making power into the hands of the directors without reservations.[2] On these terms the Illinois Central acquired a right to 2,600,000 acres, which,

[1] *U. S. Statutes at Large*, 31 Cong., 1st session, pp. 466, 467.

[2] *Private Laws of Illinois*, 1851, pp. 61–74. The payment of 7 per cent was not to begin for six years. For two years before that time, on completion of the main line, the payment was to be 5 per cent.

at the minimum price of $1.25 per acre, were worth $3,250,000.

A gift so munificent and so adequate as security to attract English and American capital in abundance, meant that the work of railroad-building in Illinois was to receive wonderful acceleration. It will be remembered that the men of the Michigan Central at once saw their chance to enter Chicago, and the first construction done by the Illinois Central was in pursuance of an arrangement according to which it was to lay a dozen miles of track out of Chicago to connect with the Michigan Central.[1] In return, the latter road agreed to supply as much as $2,000,000 in ready money; but a $5,000,000 loan which was presently secured by the Illinois Central through Baring Brothers made it unnecessary for the Michigan Central to furnish more than $800,000.

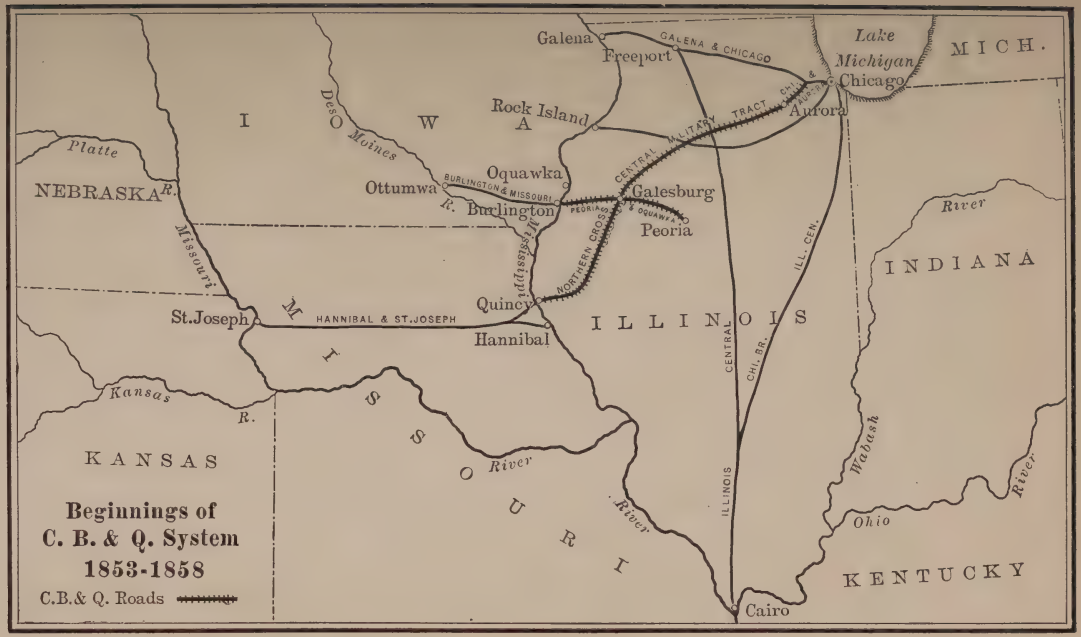
The Illinois Central, however, although it was sure to bring a large amount of business to the older road, could not be an adequate outlet for the expanding energies of the Boston capitalists, since it was under New York control. Yet go ahead the Michigan Central must, for the Michigan Southern had no sooner reached Chicago than its owners began the construction of the Chicago and Rock Island Railroad, and, building with incredible rapidity for those days, accomplished the

[1] See pp. 47–50.

distance of one hundred and eighty-one miles to the Mississippi River in twenty-two and a half months. True gamblers, they borrowed recklessly and built lightly, at the same time forcing men more prudent and more honest into the game.

Thus it came to pass that, early in 1852, the Michigan Central men began to look into Illinois railroad charters. There were plenty of these in the hands of the local capitalists, who, having been unable to make use of them, were ready to sell out. Of the Chicago and Aurora thirteen miles had been built; beyond that, stretching to the southwest and touching the Mississippi at two points, had been planned the Central Military Tract Road, the Northern Cross Road, and the Peoria and Oquaqua or Oquawka — "Phœbus, what a name!" exclaimed Forbes as he wrote it. In order to make the charters acceptable to Eastern capitalists, amendments were secured at a special session of the Illinois legislature in June, 1852, which permitted the extension of the lines to make necessary connections, and which put the roads on an equal footing with the Illinois Central in respect to the clear possession of rights to establish rates for passengers and freight.

Forbes's work now began. Here is his appeal to one of his New Bedford supporters.


Galena
Freeport
GALENA & CHICAGO
Lake Michigan
MICH.
Chicago
Aurora
Rock Island
I O W A
Des Moines
Platte
NEBRASKA
R.
Oquawka
Ottumwa
BURLINGTON & MISSOURI
R.
Burlington
CENTRAL MILITARY TRACT
Galesburg
PEORIA & QUINCY
Peoria
Mississippi
Missouri
NORTHERN CROSS
Quincy
St.Joseph
HANNIBAL & ST.JOSEPH
Hannibal
ILLINOIS
ILL. CEN.
CHI. & R.I.
CENTRAL
CHI. BR.
River
INDIANA
Kansas
R.
KANSAS
MISSOURI
River
River
ILLINOIS
Wabash
River
Ohio
KENTUCKY
Cairo
Beginnings of
C. B. & Q. System
1853-1858
C.B.& Q. Roads

Our friends at the West have taken hold of a piece of new road which they think *very highly of*, and have absorbed it in *large lots*. . . . They have reserved a small part for us at the East, and I suppose N. Bedford can have five or ten thousand dollars if you speak quick.

It looks to me very well; but I have not time to examine it closely, and if I take it, it will be in following the lead of Brooks, Corning, and other men who ought to know and who will have a large interest in looking after it. So I cannot recommend it, but only *offer* it.

It is the Aurora R. R., which is to travel off from the Galena, 30 miles west of Chicago, and run westerly to the Illinois Central — 44 and 13 = *57* miles, where it will meet one or more roads projected from the Mississippi and get their contributions, as well as those of the Ill. Central from *south* and *north* for the East. It runs through a fertile and easy country to build, and has no expensive ends, as it runs over the Galena to Chicago under a very favorable contract for 30 years. Pray understand that I don't endorse, recommend, or urge it, and you can judge about as well as I can whether its local business aided by such feeders and a cheap construction will counterbalance the disadvantage of taking up a new thing *at par*.

Thirteen miles are in operation with a flat rail and doing a good local business, *so I hear*.

Brooks takes $25,000, Capt. Ward $40,000, Corning $30,000, Davidson, his partner, $10,000, Joy and Porter $10,000 or $12,000, Chas. Wil-

liams of Stonington (now out West) takes something. Only $90,000 is reserved for N. York and Boston and will I think go like *hot cakes* even if it does burn the *takers' fingers*.

N. B. I doubt about letting the grumbling Governor have any — he always wants perfect security like Bank of England and 20 per cent interest, too!

In such fashion Forbes went from one man to another, confident in the validity of his large vision of the future, and yet never losing his sense of precisely what could be attempted and accomplished at any given moment, men and things being what they were. By his aid the first amounts were raised without much trouble, — for the Chicago and Aurora was an undoubted bargain; but in the next few years, as it became plain that the road was destined to be, not a local feeder of the Michigan Central, but part of a trunk line between Chicago and the Mississippi, he was drafted for heavier work than that of "following the lead" of others. It was the story of the Michigan Central over again, only the pace was more rapid. The Chicago and Aurora and the connecting road to the west — the Central Military Tract — were in 1856 combined[1] under the name of the Chicago, Burlington and Quincy,

[1] The Chicago and Aurora had become the Chicago, Burlington and Quincy in 1855.

the Western management being in the hands of James F. Joy. It presently became clear that the roads farther west, building from Galesburg toward Burlington and toward Quincy, could not, with local management, command the necessary resources to enable them to reach the Mississippi in any sort of season. The C. B. & Q. directors, therefore, in order to hold their own against the Rock Island, which had already crossed the state, voted money to complete the construction of the two roads. The whole thing was so much in the future, and to outsiders appeared so vast and so uncertain, that the additional sums had to come chiefly from the men who were already involved. Thus, in order to take his director's share in one of these loans, Forbes sold at 70 $100,000 of manufacturing stock which he had bought at par. At another time he had, alone, to endorse notes to the amount of $60,000 to pay for the first ten locomotives needed by the Peoria and Oquawka and the Northern Cross.

Fortunately the return on this heavy investment was both large and immediate. Plenty of business was waiting for the new road at the Mississippi River, and until the completion of the Chicago branch of the Illinois Central it also served as the connecting link between the main line and Chicago. It is small wonder, then, that

in six months of 1856 the Central Military Tract paid fifteen per cent dividends in cash and stock, and that Forbes was able to write of the C. B. & Q.: "Their earnings are so large that if they accumulate them and then divide largely, it may have a bad effect among the country people who pay them freight."

This, indeed, was the time of glad, confident morning, never again to occur in the history of railroad-building in the United States. None the less, while no one exceeded Forbes in faith in the future of western railroads, yet the loose management invited by such rapid building constituted a danger which few saw so clearly as he. Extracts from letters written during this period, chiefly to foreign investors, reveal how large a part this danger played in his view of the situation as a whole.

You may mark out projects without number (in the free states), all of which, if honestly and carefully managed, will be profitable; but while there are a hundred good projects, you will find it hard to choose ten men to manage them who are free from some back interest, which they are likely to consult before that of their company, or, if you find honest men, how few skilful, good business men will there be in the hundred? I must try to find a cutting from our papers showing a sharp trick put upon some of your iron men,

it is said by the Rock Island Co. (a kind of bastard child of the Southern Michigan). The story is this.

Your iron men wanted half cash and half bonds. So the Rock Island bought double quantity of iron and sold half of it, to raise the cash to pay for the other half. If not true, 't is very likely to be.

My wonder has been, not that your conservative people would not trust Michigan Central and the few such companies, but that they would trust others of whom they know so little. I am naturally sanguine, and I fully appreciate the growth and capabilities of the West; but if I had money seeking investment at two per cent, I would not touch some of the six or eight per cent things that your cautious English houses have taken hold of.[1]

There are two ways of getting stock taken here. One is to convince people that a road will pay handsomely and that all the stockholders will pay up in cash, and share alike. The other is to get victims (cities or individuals) to subscribe a certain amount of stock which is bound to be sacrificed, and then, in the shape of contracts, at double what the work is worth, payable in stock, bonds, etc., get people to take hold who expect to get so much advantage in the price of their work or materials as to enable them to sell out their stock at a sacrifice, and still get off with some profit.[2]

[1] April 1, 1853. [2] July 11, 1851.

Whether such a crisis [bankruptcy] will ever come with the Erie I cannot judge. I know they must want a good deal of money to stock and to finish it after it is nominally done; and through the wild parts of the country it will not at first pay current expenses and repairs. For data, you may, I suppose, rely upon the gross receipts; but whether you can tell anything of the net earnings depends entirely upon the kind of people who manage it. They may be blundering and stupid, or theoretical and experimental; they may be sharp people who manage economically, but who don't think the stockholders and the public ought to know how much it costs to keep a road and its equipment up, and who for the present conceal some of the running expenses under the head of construction, trusting to a great rush of business when the road is through to cover up all weak spots.

I know nothing at all about the managers; but I do know that a judicious, economical, square-sided management is as rare as a first-rate commission agent; and rather more so, for the pay of railroad people is fixed, while the commission merchant has a direct interest in being prompt and careful.

So much for a treatise on railroads, and which is in reply to your remark that the first seven or eight millions of Erie ought to be good.[1]

In this experimental state of things, a final obstacle to the orderly upbuilding of a system of

[1] March 26, 1851.

Western railroads was the lavish extension of Federal aid; for with the land grants in 1850 to the Illinois Central and the Mobile and Ohio, Congress had let down the bars. The need of developing the interior of Iowa and Missouri, to say nothing of the importance of building a "Pacific Railroad" from this or that insignificant town on the Mississippi, could be urged plausibly, and any application to aid such a scheme Congress was now likely to act on favorably.

These prospects of railroad-building made easy portended serious things to the men interested in the Michigan Central and the C. B. & Q. Having constructed roads successfully with their own resources, they could not but object to a scheme which would force them into ruinous competition with roads having the advantage of government aid. The perils to roads of the former class are put with some energy in a remonstrance addressed by Forbes in February, 1853, to Charles Sumner, United States senator from Massachusetts.

There are now about 7500 miles of new railroad in course of construction, which when properly equipped with machinery, shops, and depots, and finished with proper ballast and bridges, will not cost under $20,000 per mile, or say $150,000,000 — one hundred and fifty millions — (and this is a low estimate), most of which has

to be borrowed and the whole expended within two years. These are chiefly in the West through a sparse population.

Is not the experiment enough for one while? and, however sound the policy may be of giving lands to make railways, is it wise to stimulate enterprise in this direction any further, at a time when it is clear that too many roads are under way without any such stimulus?

If the western states go much further or faster into railways, we shall inevitably have another 1837–38, as well as an 1835–36; and, like that epoch, the stimulated, overstrained effort will be followed by a state of reaction that will be very unfavorable to the real interests of the West. By stimulating the building of roads, where they are not wanted, and where the leading cause for building them is the gift of public lands, we shall throw such discredit (when the break-down comes) on our western roads, that the building of useful roads will be retarded or indefinitely postponed.

Foreign capitalists, as I happen to know, are already frightened by the immense extent of the new railroads begun, and the time is very near at hand when the enormous issues of railway bonds will glut the home market. . . .

It is possible that I may be influenced by my connection with western roads that have been built by dint of hard work in hard times, when it was a word of reproach to be concerned in western enterprises, and that these considerations induce me to look unfavorably upon other

roads getting help from the public Treasury or domain.

To avoid such suspicion, I mark this letter private and do not wish my name mentioned in the matter; but you, I know, will have candor enough and acuteness enough to give due weight to any of my reasoning that is good, and to make the needful allowance for any selfish bias, as against the weight that might otherwise be due to the opinions of one who has had some experience in western railroad-building.[1]

In the midst of the clamor of the West for more land for more railroads, such a protest naturally received little heed. Yielding to this clamor, Congress passed land-grant acts in 1852, 1853, 1856, and 1857, on an increasing scale of lavishness. Nothing short of a panic, with its imperative "thus far and no farther," could avail to stay its reckless hand.

Clear as had been the interest of Forbes and his friends in preventing, if possible, these donations, they could not afford to bend over backwards by refusing to have anything to do with the lines thus favored. Since roads were now sure to be built across Missouri and Iowa which would connect with their roads at Quincy and at Burlington, it would be folly to let these enter-

[1] For the rest of this letter, which gives at length Forbes's views on the general principle of Federal aid to railroads, see Appendix.

prises fall into rival hands. The first of the roads for which Boston capitalists were thus forced to find money was the Hannibal and St. Joseph Railroad, a line some two hundred miles long, planned to cross the northern part of Missouri from the Mississippi to the Missouri River. Besides having a land grant of over 600,000 acres, it possessed the guarantee of the state for its bonds to the amount of $1,500,000. In spite of its auspicious beginning, however, the road for some years made little progress in construction. Its local management was ineffective, its Eastern interests were in the charge of Forbes who, overloaded with railroad work, was beginning to break down; finally, the contract under which the work of construction was to be done was a preposterous agreement which enabled the contractor to have his own way about everything all the time. For a number of years all that this costly investment meant was that Missouri was safe from the control of any rival of the C. B. & Q.

Again, in 1856, the bounty of Congress compelled the men in the Chicago, Burlington, and Quincy to bestir themselves to find capital. Stretching westward from their terminal at Burlington, Iowa, was the Burlington and Missouri—a little road for building which bonds bearing ten per cent interest had been sold at sixty cents

on the dollar, and which, after four years of effort, had succeeded in struggling twelve miles toward the goal of its ambition, the western boundary of the state. Now it leaped to fame by being one of four railroads in Iowa to receive land grants, its allotment, the smallest of them all, being 350,000 acres.[1] With this dowry it awaited the overtures of the East.

Early in 1857 Joy appeared in Boston, eager to demonstrate to the C. B. & Q. directors the importance of this Iowa road as a feeder to their line. Forbes himself needed no convincing. As far back as the summer of 1853, only a year after the Michigan Central had entered Chicago, his railroad-building imagination, leaping westward a state at a time, had seen the value to the Michigan road of this route across Iowa, and at a considerable expense he had had preliminary surveys made over the whole line. Now, after four years of feverish "development" in Illinois, Iowa's turn had come. But however great the opportunity here, in the East Forbes's prophecy of evil days was beginning to be fulfilled. The market was glutted with railroad securities, and the Boston banking-house of John E. Thayer and Brother, on which he had always relied, failed him. Discouragement and opposition, however,

[1] The amount proved to be 389,989 acres. — *Report for 1897 of the Commissioner of the General Land Office*, p. 226.

always an effective stimulus to Forbes, spurred him to put the thing through with a rush. To Erastus Corning he wrote on May 11, 1857: —

. . . I had vowed a vow to touch nothing new; but the Iowa Road with its rich and populous country, and its 300,000 acres of *Free Soil* seems to me so very important an extension of our lines that I cannot help taking rather more than my share there. . . .

Personally I should not be sorry to see it dropped, as it may lead to some care and thought — although I *will not anyhow* nor for any consideration risk my health by taking part in the management of it; but it would be as bad a mistake for the companies to let it go to the enemy as it was for us . . . to let the road round the foot of Lake Michigan go to warm the Southerners into life! as bad a mistake as it *would* have been to let the Military Tract and Aurora become tributaries to the Rock Island, which we barely escaped making under *similar circumstances*.

I have been astonished at the blindness and lukewarmness of some of our large stockholders about it. The smaller ones have come forward *very well* and some outsiders, but Thayer's delay to put his name down has made others delay too and so it is still hanging by the eye-lids!

"Don't be discouraged," was his message to Joy, "because John E. Thayer has been upset,

'there shall still be cakes and ale, and ginger shall be hot in the mouth.' I have in my eye another person in Boston, and one in New York, who can put the thing through. One man in New Bedford would do it if he would examine it. In short, it is too good to let go without a try!"

This driving energy resulted in a subscription of a million and a half of dollars on the part of the C. B. & Q. stockholders, thanks to which the construction of the Burlington and Missouri went on rapidly until the panic brought everything to a standstill.

Beyond question, the financing of Western railroads in the fifties was to be classed among occupations as "extra hazardous." Not only were these undertakings on a larger scale than had been known in this country and in a field of industry the laws of which were imperfectly worked out, but the greed of the people had not permitted for them a normal and even development. The clamor for national aid had increased in inverse proportion to the justifiable need of the district which made the demand; and Congress, misguidedly enacting the will of a misguided people, had committed the supreme act of demoralization in its lavish gifts of land. Thus Eastern capitalists interested in Western railroads were obliged to risk their credit still fur-

ther and to make great sacrifices in protecting their earlier investments. "I confess," wrote Forbes in the summer of 1856, "to being over-involved and somewhat troubled! They say eels get used to being skinned! If so, I wish I was an eel, for every time I give my name out the worse I feel instead of the better." It is not remarkable that under the strain his health broke down.

Hazardous for the men involved such business was, but no less hazardous for the nation. In 1853 Forbes's estimate of the cost of 7500 miles of road then under construction was $150,000,000. According to James Ford Rhodes, "Nearly 21,000 miles of railway were constructed from January 1, 1849, to January 1, 1858. This was seven ninths of the total mileage of the country. The capital and indebtedness of the railroads was about $900,000,000, so that in nine years $700,000,000 had been invested in railway construction."[1] The day of reckoning was inevitable; and when it came in the late summer of 1857, nothing in the country suffered more severely than the railroads themselves. Of the roads in which Forbes was interested, the C. B. & Q., two hundred and ten miles long, which had cost comparatively little, and which had been paying semi-annual dividends of any-

[1] *History of the United States*, vol. iii, p. 53.

where from five to fifteen per cent, was the only one that was unshaken.

Forbes's success in putting the Michigan Central on its feet after the panic of 1857, the story of which has already been told, completed the demonstration of his mastery of railroad financiering. When others were sore and disheartened, he had shown himself cool, resourceful, and inspiring. There had been no doubting his power or resisting his leadership. Naturally enough, then, he was presently called upon to help other roads in their times of trouble.

For example, soon after the panic the C. B. & Q. began to negotiate for the complete control of the two western parts of its line, extending from Galesburg to Burlington and Quincy. In neither case had the smaller road, with its local management, worked amicably or dealt fairly with the larger; and when they both met with disaster and the bondholders pressed their claims, such a consolidation was obviously the best way out of the situation. In bringing this result to pass Forbes labored long and hard. Although legal delays deferred the completion of the work, yet at the outbreak of the Civil War these roads formed an important and efficient unit in the Illinois railroad system.

In connection with the Hannibal and St. Joseph, however, Forbes's power as a railroad re-

organizer was more brilliantly shown. When after the panic he was summoned to set things going again, he found himself engaged in a contest with a "self-made man, shrewd, hard, and rich," — "the very type of a railroad contractor," — who wished to build a "cheap contractor's road to sell," while Forbes was determined to have "a solid one, adapted to being held and used for business purposes." Finally, in desperation after a "four-months' nightmare," Forbes threatened to throw over the enterprise altogether, under which pressure the contractor gave in.

The consequence of this success was the obligation to raise the million and a half of money necessary to complete the road. This task Forbes set about after much the same fashion in which he had achieved the sale of Michigan Central bonds six months before. With all railroads suffering from the depression attendant on the panic, it was a matter of some delicacy to put the thing in such shape as to make it appeal to investors. Nevertheless, as Forbes pointed out to the men whom he urged to join him in making up the sum, the prospects of the road, when once it should be finished, were exceedingly favorable.

As to the Hannibal [he wrote to John C. Green], I made settlements and arrangements (or the basis thereof) with the contractor, which

I think will take the concern out of the fancies and put it among the solids — provided the remaining land-bonds can be sold at a fair price.

It will then look like another Michigan Central, only running through a richer country and endowed with lands which *prudent* people value at $6,000,000, and which, at Illinois Central land prices, will bring 600,000 × $14 = $8,400,000.

To get the lands, however, the road must be built and this without unreasonable delay, for with such a large interest account and such a moderate amount of land-bonds left it might get embarrassed.

I have satisfied myself that if the bonds now offered can be sold at a fair price the road can, with the proceeds, be opened through probably in nine months, certainly in twelve, and can provide for such part of its interest as the earnings will not take care of.

The business of Kansas and Nebraska must come over the road *for years*, and from the moment it is opened a very large traffic will pass over it.

To compare it with the Michigan Central. You must suppose that it has no railroad competition at present and none *near* in prospect, while *instead* of the three or four days of fair lake navigation which the M. Central had to compete with, it has the Missouri River, with its five mile [an hour] current, its snags and sand-bars, which make the passage from St. Jo to St. Louis a very uncertain one, varying from three days, in

a good stage of water, to seven days at other times.[1]

Appeals such as these, made to "the right people," had their effect. With the help of Baring Brothers and of his ever-reliable Quaker friends in New Bedford, sure to have money to invest in a good thing at a low price which he might have to offer, Forbes's list was made up. The bonds were taken at 60, and under the strong management which he had provided, with John W. Brooks at the head, Forbes felt that the road could now be left to take care of itself. Early in 1859 it was successfully completed; the other railroad in Missouri, aided at the same time by a land grant, was ten years longer in getting across the state.

With the Burlington and Missouri Railroad, too, Forbes's special talent was called into play. A time when the Iowa farmers were hauling their grain twenty-five miles to the Mississippi River because they were too poor to pay the railroad for carrying it, and when the business of the road was at a standstill, was for him precisely the time for action. No sooner was the loan for the Hannibal and St. Joseph accomplished in the summer of 1858, than he bestirred himself to form a group to subscribe for the Iowa road.

[1] June 30, 1858.

His now assured financial leadership made this third attempt an easy matter, and the bonds were taken at the same rate as those of the second loan. With the money thus obtained, the road was built the seventy-five miles to Ottumwa, that being the distance necessary to secure the land grant.

For lack of similar resources in courage and cash, the other three Iowa roads aided by Congress at the same time as the Burlington and Missouri, and aided much more munificently, were forced to the wall, and two of them forfeited their land grants. Thus, thanks to Forbes, both the Hannibal and St. Joseph and the Burlington and Missouri had all the advantage of having been built in a period of low prices, — labor in Missouri was worth from seventy to eighty cents a day, — and were ready to profit by the very beginnings of the prosperity which had already set in when the Civil War broke out.

These long labors of rehabilitation and reorganization after the panic of 1857 constitute the best commentary on the value of Forbes's warning in 1853 concerning the evil of land grants. It is true that the grants accelerated the development of certain states; and if acceleration of development is in itself a benefit, that much is to be put to their credit. As for the aid to the railroads, the need of which was so plausibly urged, whatever gain accrued there was confined

chiefly to those systems that were large and powerful enough to have got along without it. The many local roads that the grants brought into existence or maintained in a semblance of life could not command men of sufficient ability, honesty, and financial resources to avail themselves of the advantage thus given them. Even the Illinois Central, with its auspicious beginning, encountered misfortune twice in the first seven years of its life. When, on the other hand, as in the case of the roads dominated by the C. B. & Q. interests, the land grants were managed with care and foresight, they ultimately sold at prices averaging nearly ten times the original value of the land. So in the end the result was exactly the opposite of what Congress had intended.

Nevertheless, for this advantage at the start the railroads that benefited have since paid heavily. In 1907, the Illinois Central had, according to the terms under which the grant was made, turned into the state treasury $27,000,000, representing seven per cent on its gross earnings. Its annual payment was $1,200,000.[1] Moreover since 1875, by act of Congress, the compensation of the "land-grant" railroads, for carrying the mails has been only eighty per cent of the regular rates for that service. Thus for the 390,000

[1] Address of William C. Brown to the Commercial Club of Boston, December 7, 1908, p. 6.

acres of land in Iowa received by the Burlington and Missouri, there has been paid out between three and four times the original cost of the land, and the annual loss on the carrying of the mails is nearly $100,000. It is such facts as these that have made the railroad problem in the Middle West so persistently complicated.

With his success in putting into good condition the roads which constituted western extensions of the C. B. & Q. system, the first period of John M. Forbes's career as a railroad builder came to an end. Covering the years from 1846 to 1860, it was, in its general limits, coincident both in time and in place with an important epoch in the development of the railroad system of the country. The Western roads built in these years were, in the nature of things, speculative undertakings, for which men would not risk money except in the hope of large profits. Sometimes these profits came through participation in generously estimated construction contracts, sometimes in ways still less creditable, even to downright dishonesty. On the other hand, when men of integrity were in charge, their returns must come from high rates of interest on money lent, and from the earnings of the road. Consequently it was their policy to build out into regions where competing lines were not for some years likely to be constructed, and where the

tariffs could be kept at a remunerative figure. In this latter class, John M. Forbes was among the few foremost.

Successful as speculations though Forbes's railroad undertakings proved, this fact should not so occupy the foreground that his great qualities of imagination and leadership are not seen in their true proportion. Filled with the vision of a land made populous and rich through a means of transportation as yet in its infancy, he was also endowed with the personal qualities which could help largely to bring that vision to pass. Furthermore, in the excitement of that era, he was among the few men who by their coolness and resoluteness could command the confidence of others; thus, when the crash came and the land was strewn with wrecks of railroads, his undertakings stood out, not only undamaged, but sounder than ever before.

To comprehend fully the character of Forbes's railroad work, one must not lose sight of the fact that he came in touch with the actual property not oftener than once a year, when he journeyed to the annual stockholders' meeting at Detroit or Chicago. To be sure, with his remarkable faculty of observation, he probably saw more in ten days than most men would have taken in in three months' time; but even so the nature of his work

made this kind of knowledge comparatively unimportant. His task was, first of all, to stand for such principles and policies, to show such alertness and energy, as should win him the aid of the men whose money was needed to finance his schemes; and, second, to choose and, having chosen, to keep in touch with the executive officials on whose steady courage and skill the prosperity of the enterprise depended. The material that he wrought with was therefore first, last, and always *men*. A railroad is in so imposing a fashion a mechanism of things, that one is all too likely to forget the mind and spirit which are needed to inform it. With Forbes that was never the case. For all its complicated body, a railroad was to him a mighty discipline, requiring and responding to the human touch of a master hand. He felt the system of which he was a part, with its bodies of stockholders, bondholders, directors, its administrative officials, and the thousand subordinates in charge of the details of its operation, — he felt it all as a huge piece of human machinery, and with him the stress was always on the adjective.

This sense of the fitness of men, which is mightily more satisfying than the sense of the fitness of things, showed itself in a hundred cases, of which one of the earliest and most interesting is that of his relations with John W. Brooks, the

first superintendent of the Michigan Central. From the time when, an unknown young engineer of twenty-six, he made his first report to Forbes on the value of the property as an investment, Brooks shouldered each new responsibility with ease and success. Without him at Detroit, full of resoluteness, a master of detail, the road could not possibly have prospered. To the value of Brooks's work Forbes was never weary of bearing witness. "The more I see," he wrote in 1852, "of the difficulty of getting good managers for other roads and other large things, the more am I satisfied with Brooks. He doubtless has his faults, and one of them is to want to do too much himself, instead of throwing off details upon a subordinate, and thus giving him more time for the general management; but he makes up for it by his industry and *decision*, and certainly combines all the qualities we want, more nearly than anybody else in this country. In fact, if we could have the best railroad president and the best superintendent, — *each* picked out among all the railroad companies here, I think Brooks would be worth the *two*."

Again, in December, 1854, Forbes tells the story of Brooks's victory in finishing the Sault Ste. Marie Canal, — an undertaking for which the contractors were paid with 750,000 acres of the richest lumber and mineral land in the State

of Michigan valued at $1.33 an acre. "He is a perfect Napoleon in his way and has had more to contend with, a hundred times more difficulty this summer than Raglan and Canrobert [in the Crimea] put together. With 1500 men of the roughest sort in the wilderness, nobody to lean on, the cholera raging round him, and the work of two years to be driven through in six months. He lost more than a tenth part of his force by cholera, but by dint of *will* he has got the canal so far on that it can be done amply within the time required."

Forbes's power of appreciating men was not limited to praising them for what they had done brilliantly; he could reach their sympathy by putting himself on common ground with them in difficulties and disappointments. Here are extracts from a letter written to a young man who, sent out to Hannibal to watch the construction of the Hannibal and St. Joseph, had been condemned to do little but mark time.

I can easily conceive of your disappointment, after two years of waiting, at any further delay, and your chief mistake has been in not putting the blame where it really belongs, on *my* shoulders *for the two years* instead of expecting Mr. C. in the few days he was out there to apply the axe to the root and remedy the evils of two years' inaction at a blow. He does not do things exactly

in *my way* but it is a blessed thing in this world that people are not all alike. . . .

I think you were too quick in taking offence because Mr. C. would not within 24 or 48 hours after he had engaged *one* man who was not there ready to take hold, get rid of your drunken friend whom we by Mr. Duff's advice had endured for many months. Had you kept cool then until the Directors could act, it would have been better, instead of insisting as a right upon instant action in the direction which you thought expedient. . . .

But let bygones be bygones! I have no time for useless argument and you must be content with the assurance that all of us, including Capt. Swift, have the highest appreciation of your character and motives, without expecting us to believe that you may not have been and may not be again more impetuous than the Capt. himself would be under like circumstances.

Pray do not think of turning your hand from the plough now! no great enterprise ever goes without great discouragements and perplexities.

I fully appreciate the fact that we cannot manage H. and St. Jo. by telegraph. But with you there in whom we have *perfect confidence* we can. . . .

I protest however against your plan of having every thing ahead settled now. Remember the fable of the clock that thought it was overworked because it began to calculate the immense number of *ticks* to be struck in a year! There are only 60 seconds in a minute. Let us get our ma-

chinery a-going and then if it won't tick the 60 we must apply the remedy after a fair trial. Hunt may not be the man, and after all it depends on the man. . . .

One word more. If things don't go exactly right, remember that with new men at the head and with my help rather weak, it is not so easy to remedy any evils as if we were all near together; but our interests are as nearly common as it is possible to be, and if we at this end are not so rapid as *lightning*, we are persevering and have some experience, and with honest aims we shall get things right after a while.

It is not difficult to imagine the feelings of the recipient of this letter as he read its mingled praise and blame; it is impossible not to believe that he set to work with a warmer heart and renewed loyalty for the chief who could also be a counsellor and friend.

As the course of years showed more and more plainly the complicated nature of railroad work, Forbes was always on the lookout for young men of promise who, by starting at the bottom and growing up with the business, would be masters of its details. Concerning "young Choate, who thinks of settling in the West," Forbes wrote to the president of the C. B. & Q., "he is nephew or cousin of *the* Choate, and is said to be a fine fellow; graduated high in his class two or three years ago; and I have thought it possible that

you might consider it good policy to encourage him to settle in Chicago, and try to train him up to be useful to us."

"There is great need of good trustworthy business men for the management of our railroads," he wrote to a young relative of nineteen, recommending him to apply for a place on the Burlington and Missouri. "If you can fit yourself to manage such matters well, you can be more useful in that line than any other."

The motive of policy which was behind these offers is stated in a letter to a friend in which he asked for help in finding a place for "young Mr. Higginson." "Sometimes these *educated* boys who *have* to work with their hands turn up trumps. At any rate they are a cheap experiment when willing to work for a small pay. I think the mistake we have made on our R. Rd. lines was in not bringing up youngsters we know something about as foremast hands, for the chance of picking out good mates and captains just as the old-fashioned shipowners used to do in taking green hands at six dollars a month. It is true they were called the 'owner's hard bargains with sharp teeth and soft hands,' but out of them we used to get enough good men to pay for the larger portion of good-for-nothings."

Rarely, however, was Forbes's judgment of men in error. "Young Choate" has won a fame

which, though not connected with railroads, is none the less distinguished. The lad of nineteen, Charles E. Perkins, who went to Burlington as clerk with a salary of thirty dollars a month, surpassed every expectation. He became Forbes's right-hand man in the second period of his railroad career, and succeeded him as president of the great C. B. & Q. system. And so in dozens of other cases Forbes fitted the man to the work.

One other instance of Forbes's keenness in searching out young men of promise and his power of attaching them to himself by the bonds of human sympathy and interest in a common work is especially moving. Charles Russell Lowell, who had graduated from Harvard in 1855 at the age of twenty, first in his class, was employed after his graduation by Forbes in his office in Boston. From the beginning the two men were drawn to each other. Though Lowell's bringing up and his natural tastes drew him toward the culture of which his famous uncle is the best American type, the energy of his spirit drew him to action in the world of industry. Having proved himself, he was sent to be assistant treasurer of the Burlington and Missouri Railroad, then just achieving its seventy-five miles of length. The rough river town of Burlington was his home for two years, a period long enough for

him to study and to master the business of railroading, and to make his clearness and force felt everywhere in the service. In his leisure he read Kant and the recently published writings of Darwin.

Such an impression of promise and ability did Lowell make upon George Ashburner, an English capitalist travelling in the West whom Forbes had asked him to entertain, that the young man found himself face to face with an alluring offer of a place in Calcutta. Resisting this for family reasons, and yielding to what he himself named the "call of iron," he went to take charge of the Mount Savage Iron Works, a difficult piece of property in the mountains of Maryland, in which Forbes had an interest. Here the opening of the war found Lowell, and yielding himself to the higher call of the nation, he served with distinction as a cavalry officer. After a brilliant campaign in the Shenandoah Valley he fell in Sheridan's charge at Cedar Creek.

The point here, however, is not the career which this young man made for himself in his twenty-nine years of life, but the sure instinct and strong feeling with which the older man regarded the younger. Writing to Ashburner just after Lowell's death, Forbes was able to put this feeling into words: "One of the strange things has been how he magnetized you and me at

first sight! We are both practical, unsentimental, and perhaps hard, at least externally, yet he captivated me just as he did you, and I came home and told my wife I had fallen in love; and from that day I never saw anything too good or too high for him, — more knowledge confirming first impressions. But he is gone, and leaves us only memory of a genius departed."

Such a sense of human relationship is best understood when we see the strength of the return current which it created. This is expressed in a letter of the young soldier's to his fiancée, who was a relative of Forbes. "Do you know that after Chancellorsville he [Forbes] wrote [from London] that he had more than half a mind to come home at once to help to raise a new army, and if necessary to take a musket himself? . . . I wonder whether my theories about self-culture, etc., would ever have been modified so much — whether I should ever have seen what a necessary failure they lead to — had it not been for this war: *now*, I feel every day, more and more, that a man has no right to himself at all; that indeed he can do nothing useful unless he recognizes this clearly; nothing has helped me to see this last truth more than watching Mr. Forbes. I think he is one of the most unselfish workers I ever knew of; it is painful here to see how sadly personal motives interfere with most

of our officers' usefulness. After the war how much there will be to do; and how little opportunity a fellow in the field has to prepare himself for the sort of doing that will be required. It makes me quite sad sometimes; but then I think of cousin John, and remember how much he always manages to do in every direction without any previous preparation, simply by pitching in, honestly and entirely — and I reflect that the great secret of *doing* after all, is in seeing what *is* to be done."[1]

These instances constitute further evidence to prove how completely with Forbes the value of the deed lay in the quality of the man behind it. In the power to perceive and to act upon this truth dwelt the secret of his success as a railroad financier.

[1] *Life and Letters of Charles Russell Lowell*, p. 258.

CHAPTER IV

PUBLIC SERVICE

THE exigencies of the business undertakings in which Forbes engaged made it from the first impossible for him to accept a mercantile career which should consist merely of travelling his own chosen road, wearing the blinders of self-interest. His training under Houqua, with its mixture of commerce, politics, and diplomacy, had taught him, before he was twenty, to see the bearing of each act of private enterprise from the public as well as from the individual point of view; and the story of his early railroad work has shown how habitual it was with him to look around as well as ahead. As a consequence of this habit, there is to Forbes's credit a record of disinterested participation in national affairs for a period of over thirty years. It includes four years of intense activity during the Civil War, to the exclusion of almost all private business; after that a long term of service in the councils of the Republican party; and finally, a sturdy declaration of independence of machine politics. As he himself saw it, all this was merely a contribution of necessary work from a plain citizen,

who did his duty, as Charles Lowell said of him, "simply by pitching in, honestly and entirely." From the external point of view, it is a concrete showing of the important part played, in the sum total of events that make up history, by the impulse of individual initiative.

Forbes, on his return from China, took his place among Boston business men as a Whig reverencing the name of Webster. Though this allegiance ended with the Seventh of March speech, he did not at the time form new political ties. He belonged to the group of men who were stirred to action not so much by anti-slavery agitation as by the defiances of Southern leaders. "We are of course all anti-Nebraska here, but most of us (myself among the number) are too busy to take much part in politics." Not until the campaign of 1856 was he roused; thenceforth he saw a cause to work for, and no claim made by it found him unwilling to respond.

Forbes was what may be called an Emersonian democrat. The ideal to which instinctively he was loyal was that in which

> Fishers and choppers and ploughmen
> Shall constitute a state.

A form of government which perpetuated and transmitted inequality, so that the individual was denied opportunity to count for all that he was worth, whether such a government produced

aristocrats or slaves, was abhorrent to him. The body of principles which he formulated from this faith is important enough to be given at some length in his own words. Extracts from two letters written in 1864 to an English merchant show how he applied it specifically to the issues of the Civil War.

The fact is, I am not good enough to be an abolitionist, which demands a certain spirit of martyrdom, or at least self-sacrifice, and devotion to abstract principle, which I am not yet up to. I am essentially a conservative; have rather a prejudice against philanthropists, and have been anti-slavery more because slavery is anti-republican, anti-peace, anti-material progress, anti-civilization than upon the higher and purer ground that it is wicked and unjust to the slave! I have no special love for the African, any more than for the low-class Irish, but don't want to see either imposed upon. You cannot steal one man's labor or any part of it by law without threatening to steal, when you get strong enough, every man's labor, and property and life! Hence to be anti-slavery is to be conservative.[1]

I never had any right to call myself a member of the abolition party, but I fancy no one ever was stronger for abolishing slavery the first moment it could be attempted, without the danger

[1] To William Evans, October 18, 1864.

of failing and bringing on a still worse state of things by putting the North in the attitude of breaking its contracts and opposing both the Constitution and the rule of the majority; in short putting itself in a hostile attitude to popular institutions, which form now the barrier between despotic or aristocratic governments, and the rights of the masses. Thus I was always for resisting slavery to the last gasp within the law, and meantime so reforming our people that the law might be altered at the earliest possible moment. The abolitionists proper took the higher and nobler, but totally impractical, ideal ground of not tolerating the abuse anywhere for a moment. You can judge now, after the fight the planters have made, what sort of a chance a few abolitionist states would have had in rebelling against the rule of the majority, and trying to destroy slavery outside of the existing law, and by authority solely of the divine or higher law.

They had not a hundredth part either of the logical right or of the chance of success which you English had, and have, to rise up and assert the right of your six-sevenths of non-voters to come in and govern Great Britain.[1]

My particular hobby has been and is, true democracy, which I consider broader than anti-slavery and to include it; and to-day, in view of this and of the evils of war and of the prejudice which still exists among our working (especially

[1] See note on page 126.

our foreign) population against the word abolition, my policy would be to carry on the war, not for the abolition of slavery *eo nomine*, but for the assertion of the democratic principle, and especially for the suppression of the class which is attempting to establish an aristocratic government over the North and South. The head and front of this class is the plantation interest, but it is aided by certain demagogues at the North who have usurped the name of Democrat, and under its false guise have been luring on the laboring men of the North to help the party which seeks to destroy the rights of free labor; just as the planters marshal the poor whites of the South to fight against their own manifest interests.[1]

The beginning of Forbes's real participation in public affairs was in the summer of 1856, when, free from railroad work, and kept at Naushon by reasons of health, he fell upon politics as a subject on which to expend his restless energy. Prevented by his connection with the construction of the Hannibal and St. Joseph Railroad through Missouri from taking public part in the campaign, he resolved himself into a correspondence school for the benefit of personal friends, members of Congress, and newspaper editors. He put his own convictions in terse and telling form, with great insistence on their being the common-

[1] To William Evans, November 27, 1864.

sense views of a business man. He gave money to have the editorials from the New York "Evening Post" printed in German and distributed in Pennsylvania and the West. The force of feeling, too, he recognized. He offered a prize of two hundred dollars for words to the music of "Suoni la Tromba," from "I Puritani," "the Italian song of liberty which is prohibited in all despotisms, and which always brings down the house here." All the details attendant upon putting through this scheme and getting the songs sung, he superintended in a fashion as remarkable for carefulness as for enthusiasm. In October, in a business letter to Joy he wrote: "Why would not a set of Frémont concerts do well now in the cities, to keep the popular enthusiasm up? with good singers and good songs, and with 'Hail Columbia' and other music of the Union mixed in! It seems to me they would pay and do good too."

Forbes's alliance with the young Republican party in this its first presidential campaign, besides separating him from his former associates, the merchant Whigs, gave him, through sympathetic activities, new friends among Abolitionists and Free-Soilers, men outside the pale of Boston conservatism. It is curious and significant to read letters to him from that knight of the radicals, Dr. S. G. Howe, proposing a meeting between him

and John Brown; it is still more curious and significant to know that the meeting actually took place. Brown, coming to Forbes's house in Milton, filled a long evening with a recital of the deeds in Kansas that make the word Ossawatomie so memorable, and departed the next morning not without aid. On the following night, says the host in his Reminiscences, with an eye for contrasts, railroad business brought to Milton Hill as an occupant of the same guest-room the pro-slavery governor of Missouri, who had set a price of three thousand dollars on John Brown's head! When the Senate investigation into the Harper's Ferry raid caused a flurry among Massachusetts Abolitionists, Forbes stood by them, at this time becoming fast friends with the radical and philanthropic lawyer, John A. Andrew. His value as an asset to a radical party fighting in a conservative community was publicly recognized in the presidential campaign of 1860 when, being free of his railroad entanglements in Missouri, he allowed his name to be used on the Republican ticket for the position of elector at large.

The election of Andrew as governor of Massachusetts put upon the anti-slavery wing of the Republican party a responsibility for which it had had no experience, and after his inauguration, in January, 1861, Forbes became particularly active in the councils of the party. Full of a sense that

a crisis was at hand, these men, during the last torturing weeks of Buchanan's administration, wished to guide the state so that, whether peace or war were the outcome, she should take her rightful place. If it were to be war, Massachusetts must be ready to dispatch her militia to Washington without loss of time. That possibility meant for Forbes the study of routes by land and by sea, inquiry into the loyalty of Baltimore in case troops should go through by rail, quiet arrangements for chartering transports if a sea-route should be chosen, and plans for rapid mobilization of the militia regiments. On the other hand, when Virginia proposed the meeting known as the "Peace Conference," it was vital that the delegates representing Massachusetts should uncompromisingly stand by the principles for which the commonwealth had thrown her majority vote in November. So he took the lead among the delegates who early in February set out for Washington in the forlorn hope of "saving the Union."

In the intervals between the discussions, which were prolonged so as to kill as much of the time as possible before the fourth of March, he perfected a plan for reënforcing Fort Sumter. Here he had his first taste of the irrepressible conflict that exists between the business and the political way of getting a thing accomplished. With his friend W. H. Aspinwall of New York, he obtained

the consent of General Scott to a private expedition to be managed with the greatest secrecy and commanded by Lieutenant Fox, afterwards of the Navy Department, for the purpose of throwing men and provisions into the beleaguered fort. After a long night of telegraphing and writing, he went in the morning to Scott's headquarters, only to find that the Navy Department had somehow got wind of the scheme and was pressing its own claims to conduct the movement. As Toucey, the Secretary of the Navy, was of doubtful loyalty, Forbes saw at once that the game was up. "Had the 20th of February, 1861," he wrote afterwards, "opened with the news that a sufficient garrison, well supplied with powder and provisions, had been thrown into Fort Sumter, it might have changed the history of the war." [1]

When the call for troops came, on April 15, it was the work done in February, the knowledge of conditions in Baltimore, and the plans made for hiring transports, that made it possible for Massachusetts to win the distinction of being first to reach Washington with armed troops. As a result of the isolation of the capital, the group of men at the State House in Boston took things into their own hands, and in a time of such stress it was of the highest value to the inexperienced governor to have at his right hand a man

[1] *Letters and Recollections*, vol. i, p. 198.

thoroughly versed in maritime transportation. There was no one in Boston to whom it was a simpler affair to charter a vessel, to find a master, to write the orders, to load her with men and supplies, and to send her off in the shortest possible number of hours. This Forbes did with such sureness and authority that he was called the "Secretary of the Navy of Massachusetts." But he also had a hand in everything, from purchasing the first press-copy books for the governor's correspondence, to making suggestions at Washington as to the general conduct of the war. There were a thousand things to be done, and the man whose genius consisted in "pitching in" was in his element.

Such loyal service as this on the part of individuals, the fruit of vigorous democracy, was a striking characteristic of our Civil War. James Ford Rhodes, in speaking of Forbes and men who did like work in other Northern cities, says: "These citizens helped to raise troops and carry elections and were relied upon by their governors and mayors for counsel and support. They were men of high moral and business standing whose advice was always disinterested and often of great value. Their example in their communities kept the fires of patriotism burning, and their encouragement of others who despaired of the outcome was a considerable factor in the

prosecution of the war. Themselves often sick at heart, they warded off despondency by sheer pluck, feeling that we should win because we must."[1]

Such services, Mr. Rhodes goes on to say, had, of course, this motive of interest, that these men had much at stake. Except for those persons who went in for army and navy contracts, the disarrangement of industry that the war produced inevitably meant to men of property uncertainty and risk. Consequently their cry was incessantly for the promptness and efficiency of action which they used in their own affairs. At the first news of the attack on Sumter, for example, Forbes had dispatched an agent to Norfolk, Virginia, where a vessel of his was lying for repairs, and in the nick of time the vessel was rescued and taken north of Mason and Dixon's line. In contrast to this dispatch, the Federal Government a week later, having done nothing, lost at Norfolk property worth millions of dollars.

It was the inestimable service of these business men that they put relentless pressure on men having the bureaucrat's or the politician's point of view. Cameron, Secretary of War, soon proved his incompetence, and Forbes was one of those who bestirred themselves to have him supplanted. He worked actively, too, for reorganization in

[1] *History of the United States*, vol. v, p. 243.

the primitive medical department of the army, and in instituting the Sanitary Commission and promoting its work. On the subject of navy contracts he wrote letter after letter, making plain to lukewarm Congressmen by concrete cases how much "graft" cost the government, not only in money but in time. With the affairs of the Navy Department he was especially conversant, and his intimacy with the Assistant Secretary of the Navy, G. V. Fox, and with Charles B. Sedgwick, chairman of the House Committee on Naval Affairs, made it possible for him to urge his views with telling effect. In season and out of season, he pressed on officials the priceless value of efficiency.

Besides the motive of patriotism as a stimulus to action, and besides the property stake, there was the stake in human life. Forbes's eldest son William, Henry S. Russell, who in 1863 became his son-in-law, Charles Russell Lowell, whose death in the glorious charge at the battle of Cedar Creek was the heaviest blow dealt him during the war, young men like Robert Gould Shaw, Henry L. Higginson, N. P. Hallowell, — these were hostages, to redeem whom he strained every nerve. No sacrifice of toil was too great if it promised to bring the end of the war one day nearer, or to spare these devoted ones from any of the needless dangers to which they were exposed by in-

competence, corruption, or half-heartedness at Washington. For several months, in the spring of 1862, he lived near his son's camp at Port Royal, South Carolina. Later in the year, when his son and young Russell were given commands in the new cavalry regiment that Massachusetts was raising, he made it for a time his chief business to secure recruits for the regiment. The bounty system was already corrupt, brokers and bounty-jumpers were names of offence. As the only way of clearing up the situation, Forbes and Amos A. Lawrence became brokers, and sent through the Northwest and even into Canada in the search for recruits who could be trusted to stay recruited. In December, 1862, Forbes wrote to Sedgwick: "I am busy on our new regiment of cavalry, in which Master Will has a company now nearly raised. I eat, and drink and sleep recruits. No slave-trader is more posted on the price of men!" At one time, with a business man's contempt for diplomatic delicacy, he turned his attention to getting men from over seas. On his way to England in 1863 he wrote to his daughter: "What do you say to getting married and bringing Harry out here to recruit a German legion? They say no war ever went on without there being a German legion bought up for it!" Also a plan of bringing men from England, ostensibly to work in Massachusetts mills and

factories, was the subject of much correspondence with Charles Francis Adams and others in England, and came perilously near fruition. Every scheme was worth trying, if only it promised to be effective.

In such labors, Forbes was merely one among a thousand; in two instances, however, a unique act of service made him one out of a thousand. The secret mission to England in 1863 was an enterprise which in conception and in execution was all his own; so, too, was his method of developing public opinion in the North on the great issue of the war.

An owner of vessels and long familiar with the conditions of ocean trade, Forbes saw from the first the train of international complications started by the Queen's ministry, which, interpreting the neutrality laws with extreme literalness, allowed the Confederate pirate cruisers Florida and Alabama to leave England in order to prey upon the commerce of the North. The best method of retaliation, he was sure, was for the United States Government to issue letters of marque to privateers to ravage England's commerce in return. When the news came that in the Laird shipyards at Birkenhead were building two ironclad rams almost certainly designed for the Confederacy, this greater danger stirred him to action. In December, 1862, he proposed to

Fox to "send some merchant untrammelled by naval contractors and such nuisances to England, and there under guise of buying for Siam, or China, buy the best of the war steamers now under construction for the rebels."

From the business point of view the scheme was humorously simple. The English ship-builders were out for large profits; the law permitted the vessels to be sold to belligerents; the nation with the longest purse should by all rights get the ships. In an affair so full of diplomatic pitfalls, the plain business man, strange to say, was authorized by the Navy and the Treasury Departments to try his scheme, even although it ran directly counter to the high moral ground that the State Department was taking with the British Government. Perhaps it was not strange, for the case was desperate. Nothing can tell the story of the fears at Washington better than a letter written by Fox, the man who best knew the resources of our navy, and received by Forbes soon after his arrival in England.

Earl Russell [the Foreign Secretary] has written a letter to our government (received yesterday) which, in plain English, is this: "We have a right to make and sell. We are merchants; we sell to whoever will buy; you can buy as well as the South. We do not ask any questions of our purchasers. We shall not hound down our own

industry. We are not responsible for anything. You can make the most of it."

We infer from this bombshell that the government would be glad to have the South get out these ironclads, and that they will not afford us any aid. You can act accordingly. You must stop them at all hazards, as we have no defence against them. Let us have them in the United States for our own purposes, without any more nonsense, and at any price. As to guns, we have not one in the whole country fit to fire at an ironclad. If you dispose of their ironclads, we will take care of the whole Southern concern; and it depends solely upon your action in this matter; and if you have the opportunity to get them, I hope you will not wait for any elaborate instructions.

It is a question of life and death.[1]

The instructions from the Secretary of the Navy, drawn up by Forbes himself, which he took with him when he set sail in March, 1863, empowered him to buy vessels "building in England or elsewhere for war purposes." As security for the loan of a million pounds sterling which he was to try to obtain from Baring Brothers, he was given ten millions of the 5–20 government bonds which were just being prepared for issue to the public. These, as soon as they could be countersigned, were to be brought to him by his friend Aspinwall, who was associated with him

[1] April 1, 1863; *Letters and Recollections*, vol. ii, p. 22.

in the enterprise. The voyage in the slow-sailing Arabia — "not *felix*," he wrote to his wife — must have afforded him many opportunities for reflection on the extraordinary task which he had undertaken. Through his constant correspondence with English friends he felt that he understood the prevailing tone of opinion in Great Britain, and he had an armory of arguments with which to assail it. Confident that, in the issue between the two governments, England was in the wrong, he believed that he could do something to make the English realize the peril of their obstinacy. Congress had, on March 3, empowered the President to issue letters of marque to privateers, and Forbes had already busied himself with plans to fit out a vessel in Boston to check the career of the Alabama. He had studied the holes in the British neutrality laws, and was primed with illustrations of the danger to English commerce in the next war between Great Britain and some other power. Such a war, he reasoned, was sure to come soon, and when it came England, thanks to the precedent she was now establishing, would find the shipyards of the United States supplying commerce-destroyers to the other belligerent. Finally, he believed that Englishmen had no comprehension of the mighty reserves of the North, both in moral endurance and in material resources.

Yet with all the enthusiasm engendered by a daring scheme and a resolute purpose, Forbes none the less could perceive the risks of his venture. Without the utmost caution and shrewdness he might easily embroil himself with the British public and his own government. Active enemies and lukewarm friends would lay pitfalls for him at every step. He had to work alone, and independently of the State Department, and ran the risk in case of accident of being disowned and discredited by the very government which he was trying to serve. Altogether it was a campaign to test his generalship.

To no man, however, is it granted correctly to estimate British opinion apart from physical contact with it. Few, without such contact, can give due weight to that characteristic of the English which Goethe indicated with brutal frankness when he remarked that they "lack intelligence." Landing in Liverpool, Forbes called upon Barings' representative there. "I enraged him to the boiling point by suggesting that the encouragement by England, while a neutral, of foreign cruisers, was sure to be followed by similar operations when England was (as usual) a belligerent. 'Do you mean to threaten us?' said the choleric Price. I saw that argument was useless with him, and so talked of the weather and of the cotton market, which was about the height his brain was capable of reaching."

At Barings' office in London, where Forbes had a staunch ally in the American partner, Joshua Bates, he nevertheless found that he could not negotiate a loan of half a million pounds for six months without the proviso that, in case of the issuing of letters of marque to privateers intending to cruise against British vessels, the British bankers should have a right to claim prompt reimbursement of their advance. "The existing agitation of the public mind," he reported to Secretary Chase, "both in and out of Parliament, rendered this condition a *sine qua non*, and we may safely express our doubt if any other house would have undertaken the loan; certainly not on terms so liberal."[1] By the next mail, therefore, he must rush off messages urging that no letters of marque be granted. "Our spies in the enemy's camp say they openly discuss among themselves the great value of their prevalency [*i. e.* of letters of marque] as being [likely] to get us into a row with England. We must take care not to play into their hands. The letters of marque, too, are, in our paucity of fast steamers, chiefly valuable as a reserved force rather than a blow struck!"[2]

In still another respect Forbes found that his prearranged tactics must be abandoned. He

[1] April 18, 1863; *Letters and Recollections*, vol. ii, p. 41.

[2] To Governor Andrew, April 1, 1863.

called upon the minister, Charles Francis Adams, his old friend and neighbor, the man to whom he had chiefly looked for advice in the dark months before Lincoln's inauguration. Adams's warning now was equally sagacious. "We had come," writes Forbes, "prepared to do something in the way of enlightening the British public as to the real strength of the North and the certainty of our ultimate success, but Mr. Adams thought it doubtful whether such a course would be wise; for if successful in our argument it might show the governing class in Europe that their only chance for breaking up the Union was in active interference; so that he thought it safer for them to be kept neutral by the belief that we were sure to break up." [1]

In point of fact, Forbes had landed in England at one of the most acute of the numerous crises during the war in the relations of England and the United States. He wrote home: "I find all the mercantile and upper classes entirely against us, but the emancipation movement is coming to our rescue, and the people are with us and are moving in their strength, and the vicious London 'Times' shakes to hear them." As a result of the movement among the six-sevenths [2] of non-

[1] *Letters and Recollections*, vol. ii, p. 37.

[2] "The total number of electors in Great Britain was about a million, but the figures appear to indicate that only four-fifths

voters in favor of the North, and of the shipload of food sent from New York to the idle cotton operatives of Lancashire, the one-seventh of voters and their representatives in the House of Commons were in the unpleasant mood of men beginning to fear the necessity of owning that they had been in the wrong. In the debate in the House a night or two before Forbes's arrival their temper had been unmistakably shown. From the hazard of conducting his negotiations in such a situation, however, he was relieved by the turn of events. Since the Confederates had at length succeeded in floating in London a loan of three million pounds (taken by Erlanger and Company, at 77), from which the builders of the ironclads could be paid, at least in part, it was clearly impossible to approach the English firm with an offer from the United States government. Furthermore, after the seizure of the blockade-runner Alexandra on April 5, by Earl Russell's orders, it seemed advisable to wait for the decision of the Lord Chief Baron of the Exchequer in her case. The most that Forbes could

of those ever voted, while in the general election, in 1859, which chose the existing House of Commons, the whole number of votes registered was under 370,000, the falling off being largely for the reason that many members were returned from boroughs and counties without a contest. There were, according to John Bright, five to six million men who did not possess the franchise." — Rhodes, *History of the U. S.*, vol. iii, pp. 358, 359.

do, therefore, at the moment, was to provide Adams and the consuls at London and Liverpool with the ready money of which they stood greatly in need for working up legal evidence against the ironclads. His sense of the danger that might result from extra-official action he expressed to Governor Andrew: —

At the end of a hard day's work I have just time to say that, in my opinion, it will take but little to bring on another excitement similar to that upon the Trent, and that the British Premier would be likely to act in the same way — try to get British pride up to back him, and then insist on our fighting or backing down. . . . It needs infinite caution and firmness to avoid a war, by avoiding further irritation, and even then a spark may blow it up. . . .

My idea of the situation is that we ought to set our teeth and not allow those bullies to goad us into a war with their people, who are our friends and whom they wish to crush.[1]

Forbes's stay in England, which, with the exception of a brief trip to the Continent, covered three months, resolved itself, therefore, on the one hand, into something like an endurance run, and on the other, into an attempt to use in England the methods of influencing public opinion of which in America he was past master.

[1] April 18, 1863.

From policy he went to breakfasts and dinner-parties, meeting men of weight in business and in public life, and steeling himself against their insolence of opinion. In Adams's icy courtesy of demeanor he found a model which he followed, *sed longo intervallo*. His Reminiscences describe one of these occasions with the humor of retrospect.

Our best friends, with a very small circle excepted, were only with us in feeling, and lamented that we should approve of continuing the bloody contest instead of letting the "erring sisters go in peace," as many on both sides at first wished. I especially recall one dinner-party given me by my good friend, Mr. Russell Scott, to meet some of these sympathizing friends. Among the guests was the Rev. James Martineau, who, with the rest, could see no good in prolonging the "fratricidal contest." The subject of the Chancellorsville defeat, the news of which had just been received, of course chiefly absorbed our attention, and led to many chilly remarks as to the folly of protracting the useless struggle to save the Union, all meant for my especial benefit, and having the effect of pouring very cold water upon a volcano covered with a thin layer of snow. I listened with the cold outside manners of good society to all the stuff, but simmering internally like the aforesaid Vesuvius, until my patience fairly gave way. In one of the pauses which all dinner-parties experience,

our host appealed to me for information as to the truth of the sad, heart-rending rumor that the hero, Stonewall Jackson, had been killed by his own soldiers on the evening of the rebel attack, and at the most critical period of the whole battle. With a hesitating voice, under the boiling feelings which had been aroused by the sentimental stuff which had been uttered, I replied, "I don't know or care a brass farthing whether Jackson was killed by his own men or ours, so long as he is thoroughly killed, and stands no longer in the way of that success upon which the fate of everybody and everything I care for depends!" Had a naked Indian in war-paint, with tomahawk and scalping-knife, appeared at the dinner-table, the expression of horror and dismay at my barbarous utterance could hardly have been greater; but anyhow we heard no more that evening about the wisdom of concession to the "erring sisters," and their chivalrous heroes and lamented leaders.[1]

Of course no one realized more keenly than he that this method of enlightening the British mind was neither ingratiating nor conclusive. To influence public opinion effectively he went to work in his campaign fashion. First of all, naturally, he sought out such well-known sympathizers with the North as John Bright, Richard Cobden, and William E. Forster. These

[1] *Letters and Recollections*, vol. ii, p. 17.

men he saw repeatedly, and long conversations with them brought a better mutual understanding of the situation on both sides of the Atlantic. Through them he met editors of the liberal journals, and men like Goldwin Smith and Thomas Hughes. Fanny Kemble, a friend of long standing, he enlisted in his cause. Wherever he heard of a man of influence who was sympathetically inclined, he counted no time wasted which was spent in hunting him up and talking to him. Through his wife's Quaker connections, he procured letters to the chief men of the English Society of Friends, and prepared a paper to read to them at their May meetings in London. After their own fashion of uncompromising speech, he set before them the consequences of the British course, and besought them to use their influence to restrain the headstrong ministry.

Yesterday [he wrote to his wife] I attacked the broad-brim phalanx and at first made no impression, but after my letters were read, I found a change of tone. The Brethren said to each other, "This friend is accredited by our regular correspondents in America!" etc. But to-day they are so busy with their religion and politics, etc., etc., that it is hard to make any impression upon them, and unluckily one of the leaders, Josiah Forster, lies quite sick. I went to their

place of meeting yesterday and to-day, and stood round in the courtyard, a stranger and alone, watching the crowd! What a strange sensation it is, to one accustomed to social life and to be among acquaintances, to stand alone, unknown, and have only to watch the coming and going of the multitude, each occupied with his or her plans and thoughts![1]

Some years later he quoted from memory to a correspondent the reply made by the chairman when he had finished reading his address. "Friend, I believe every word thou hast said is true, but I must say that thy words about my country stir up the ancient Adam even in me, and I do not think it expedient to circulate them at this time." In such an atmosphere one is trebly "a stranger and alone."

Other resolute Americans, however, had invaded England, and they held up each others' hands. For the most part, they fell into one or other of the groups, — "roving, poaching, and volunteer diplomats," — named by Mr. Charles F. Adams in his life of his father. William M. Evarts had come to give legal assistance in working up the case against the rams; Robert J. Walker, of Mississippi, Secretary of the Treasury under Polk, "a most useful man just now, as he can mark Jeff Davis as the repudiator,"

[1] May 22, 1863.

had been sent by Secretary Chase "to acquaint European capitalists with the actual circumstances and resources of our country," in the hope of selling to them United States bonds, or at least of making the holders of Confederate bonds uncomfortable; Bishop Fitzpatrick, "as good an American, as agreeable a companion, and doubtless as sound a Catholic as lives," labored in his own field; Henry Ward Beecher, dauntless on the platform, mastered the rowdies who came to bait him. In fact, in the spring and summer of 1863 one of the decisive campaigns of the Civil War was being fought on British soil under the generalship of Charles Francis Adams; and these men, gallant fighters all, bore no mean part in the contest. With Earl Russell's order, in September, that the rams should be detained, the victory was won.[1]

This secret mission to England, which was

[1] One other piece of business which occupied much of Forbes's time in England shows how thoroughly the men in Massachusetts did everything that they undertook. Not only was it true, as Fox had already written to Forbes (see page 122), that there was not one gun in the country fit to fire at an ironclad; but the Federal Government, in response to Governor Andrew's insistent demands for the protection of Boston Harbor, declared itself helpless. From the Massachusetts legislature, accordingly, Andrew obtained funds for the purchase of guns in England, and Forbes was charged with the business. It meant unlimited time spent in inspection of gun-factories, negotiations with manufacturers, and letter-writing, — all, as the event proved, wasted.

concluded by the end of June, though it fell short of what its projector had designed, was not without its effect on him. At the end of it, Forbes had no illusions concerning aristocracy as a human institution. He knew it, surface and depth, and with all the power of an intense and single nature, abhorred its far-reaching consequences. "War is the game of princes and aristocrats," he wrote of this experience, "and almost always at the expense of the masses." "I have seen enough of the English nobility and gentry, and of the trading classes there, who act as flunkeys to their masters, to make me hate the whole raft of them, with so deep a hatred that I will never lift my hand to indulge them in a war, until I see an occasion when it will disenthral their people, instead of riveting the chains which now bind six-sevenths of their population."

The other original contribution made by Forbes to the cause of the North remains to be described. It constituted a most striking expression of his individuality, and he was not wrong in thinking it the most valuable service that he rendered. Having a New Englander's religious belief in education, he developed an organization to form public opinion on the main issues of the war, and to bring this opinion to bear on the

men in Washington who waited for its voice. Such work he undertook neither in the politician's spirit, with tongue in cheek, nor on the chivalrous impulse of *noblesse oblige*. To him the spirit of citizenship was the spirit of fraternity. His effort, therefore, was based on the simple assumption that other men, having the same plain and straightforward democratic creed as his own, would, if they could be brought to see the thing as he saw it, act as he was acting. His means of enforcing his views were those he had already used, now applied on a much wider scale. Personal interviews and letters, communications signed "Audax" and "Senex" in leading journals, articles for the "Atlantic Monthly" worked up at his suggestion, — all these he employed as a matter of course. The establishment of the Union Club of Boston, in line with a movement in the principal cities of the North, was another enterprise that took much of his time.

What was distinctively his, however, was the New England Loyal Publication League. This was an organization the management of which was entrusted to Charles Eliot Norton and to James B. Thayer, afterward professor in the Harvard Law School, which carried on in systematic fashion the work that Forbes had been doing irregularly in his own office. To some nine hundred newspapers in the North there

was sent free a weekly broadside made up of representative articles that were worth a wider circulation than they would get from their original publication. By such means the attention of busy editors was called to comments friendly and unfriendly of the English press, — for instance, Carlyle's savage "Ilias Americana in Nuce," — to characteristic utterances in the Southern newspapers, a significant speech, an interesting experiment such as that of the cultivation of cotton by free negroes in the Sea Islands, important reports of government officials, sound doctrine on finance, and the contemporary verse inspired by the war. Above all, the broadsides kept before the press of the country as cardinal doctrines, vigorous prosecution of the war, Emancipation, and the arming of the blacks. The yearly cost of this enterprise was less than four thousand dollars, and it was estimated that by it at least one million readers were reached. The justice of Forbes's valuation of this work will be confirmed by all who know by practical experience the prevalence of lazy thinking and the formative power of ideas well put.

The value of the tool which Forbes had thus forged and which none knew better than he how to use was not for him expressed in any such general terms. It was devised for the special work of pushing on the administration at Wash-

ington to prompt and bold measures. Lincoln, in order to secure the backing of a united North, was under the necessity of advancing slowly, by means of conciliation and compromise. The advantage of decisive action could never be his, for he must listen in turn to the voice of the Border States, of the West, and of New England, and then must plot a path of progress which should represent the equilibrium of these forces. Public opinion was the only influence to which he would respond, and Forbes therefore sought to bring it to pass that the desire of himself and his friends for an aggressive policy should be so widely spread and so vigorously asserted as to constitute a body of opinion fairly irresistible. The whole plan was logically conceived, efficiently executed, and amazingly successful.

In thus working for the development of an aggressive war sentiment throughout the North, Forbes came more and more into sympathy and alliance with the radicals in Massachusetts and in New York. Originally Free-Soilers or Abolitionists, they were now derisively called "Black Republicans," and to a conservative business man like Forbes many of them must have proved strange company. But their logic was his, and together he and they stood fast in demanding first Emancipation, and then the arming of the

negro. Moreover, Forbes, the man of action as well as the man of ideas, was among the foremost of them in getting these principles transmuted into deeds. When popular sentiment concerning the negro as a soldier ranged all the way from amused skepticism to rabid antipathy, Forbes was one of the small committee of "believers" appointed by Governor Andrew to organize the Fifty-fourth Massachusetts Infantry. He had a large share, too, in raising the Fifth Massachusetts Cavalry, another negro regiment, of which his son-in-law, Henry S. Russell, was made colonel. When recruiting of the blacks lagged in Missouri, he seriously considered going there to lend a hand. He took a vigorous part in the trying controversy as to whether negro troops should be paid as soldiers or as laborers; he pushed measures for recruiting negroes in the rebel states; and again and again importuned the government to insist that negro soldiers, when captured, should be treated as prisoners of war.

This determination, grim and dour, that the war must be put through to the very end, encountered a baffling obstacle in the offers of peace, real or bogus, which Lincoln felt bound at least to entertain during the summer of 1864. As the President, who was fighting for nothing more than a united North would fight for, could

not afford to ignore these overtures, so the no-compromise men must perforce oppose them as involving certain and complete disaster to all that they were contending for. Thus it befell that Forbes played a part in that curious campaign within a campaign, — the movement for securing the withdrawal of Lincoln and Frémont from the field and the nomination of a new candidate on a war platform. Never were high-minded men more desperately in earnest than the group which met in New York at the house of David Dudley Field, on August 30, to canvass this possibility. But they were not self-seekers; and when their consultation made it plain that Lincoln was after all the only man available, they recognized their own obligation to put their shoulders to the wheel and carry him through. By force of their disinterestedness and of the body of public opinion behind them, they must bring him to separate himself from men who counselled peace and to put himself squarely at the head of the war party. Fortunately the stars in their courses fought with them. "The war is a failure," declared the Democratic convention at Chicago; and Sherman and Farragut from Atlanta and Mobile flung back the lie triumphantly.

Meanwhile this group of civilians worked no less valiantly in the North to crystallize the war

sentiment and to make it an unanswerable argument with which to go to Lincoln.

I have everything at stake in the army [wrote Forbes to his friend Fox]; my son and my son-in-law are there — my younger son training to go. All the young men that I love or value are there or incapacitated. I want peace for their sakes; I hate war for its own sake; but I solemnly protest against crying "Peace" when there is no peace. It only means a short truce, defeat at the election, and then prolonged war with an invigorated enemy, perhaps strengthened with foreign alliances. If I had any political position or any eloquence, or had any power of moving the President, I would go and tell him this; but situated as I am, I feel that it would be a mere waste of his time and mine. If, however, you agree with me, you have his ear, and our combined voices might reach him. In that case, pray read him this letter, telling him it comes from one who has no political aspirations, and who only wants safety for free institutions, and a true peace; one who has no *isms*, and who is willing to trust to the negro's getting his rights, if we can only establish a true democracy; for the greater involves the lesser.[1]

For weeks every day was lived on this high level of feeling and every moment was precious for action; "the most exciting, if not the most

[1] September 6, 1864; *Letters and Recollections*, vol. ii, p. 102.

depressing period of the war," Forbes afterwards called it. "If I can do any good as a drummer-up I will go to the world's end," were his words of promise at the time; and the story of one adventure, told in later years, preserves the elation of spirit that came to the workers as they saw that the tide in the affairs of men was at its flood, and leading them on to fortune.

I pushed on again to New York to see what could be done, and the first step was to see our Nestor, Peter Cooper, not then so well known outside of Manhattan Island as he has been since. When asked for advice and letters of introduction to leading men, he curtly replied, "There is no time for letters or palavers; get with me into my buggy." The horse was soon at his office door, or already there tied to a lamp-post or to a weight, and away trotted the vigorous old merchant, with his queer hat and his keen eye, whip in hand, ready even then, after all our blunders, to take the war by contract and "put it through by daylight," as the old stage-drivers used to advertise their routes! From door to door we drove, through the crowded streets, stirring up one timid friend, holding back the next who wanted some other method, and insisting against delay, or doubt, or change of plans; and in half the time anybody else would have taken, he (with the big Cooper Institute open at his nod) settled the great meeting of the period, when the brains and force of New York gave the key-note to the voices of the

country for making no compromise, no step backward while such a contest at the polls was going on, until by hard knocks the back of the Rebellion should be broken and a real peace secured.[1]

The one unfortunate and yet almost inevitable result of this warfare to keep up war was that Forbes grew to have less and less respect for Lincoln as a real leader of the nation. Again and again the President was seen by Forbes to do the right and wise thing only after tremendous pressure had been put upon him; frequently, too, his next act, done in response to influence from another quarter, seemed to one of the Massachusetts radicals far from either right or wise. It must be remembered that Forbes was always ardently for action; his watchwords of promptness and efficiency could not sort with Lincoln's watchwords of compromise and conciliation. Moreover, Forbes, exceptionally well informed though he was for an outsider, could not possibly have the knowledge necessary to interpret Lincoln's advances and retreats from week to week, and to discern the course of his persisting policy. We, detached students of a later age, to whom this knowledge is accessible, can read from it the leadership of the will that, though subtle,

Bent like steel,
To spring again and thrust.

[1] *Letters and Recollections*, vol. ii, p. 106.

To Forbes, whose convictions were bound and set by the mould of actual experience, this understanding was not vouchsafed.

During the entire period of the Civil War, Forbes, though holding no office, lived in effect the life of a public servant. On affairs of private business he spent little time; he was ready at an instant's notice to answer any emergency call for the public good. The service thus given taxed his strength as severely as any matter of ships or railroads had done. More than once his health was threatened, and he had to give his head a rest. Then he was up and at it again. It goes without saying that four years of such effort gave him a commanding position in the councils of the party which had been in control. Though henceforth business affairs resumed the first place in his life, he was called upon pretty steadily until 1884 for public service. Such participation in public life on the part of a disinterested man of business, though it should be as normal as it is necessary to democratic efficiency, is in fact the exception. Well worth presenting as such a record is, what he did during the Civil War nevertheless takes the place of first importance because it speaks more clearly to the imagination. For that reason the diffused work of nineteen years must here be given short space.

To understand Forbes's position on the important issues of Reconstruction and the Alabama Claims, it must be remembered that he was a good hater. In his opinion, the Southern aristocracy, having been conquered, must suffer the unmitigated consequences of defeat; by the same token, the British aristocracy, having, in egregious folly, created a body of public opinion which permitted the escape of the pirate cruisers, must now pay to the uttermost farthing for the damage done to American commerce. Even if payment should be required of the sweeping claims for indirect damages, England should consider, he felt, that she had been let off easily. He therefore took his stand with the radicals in the measures related to these two subjects, and his opinions probably drew nearer those of Sumner than at any other time in the life of either.[1]

The plan which was set forth by Andrew in his valedictory address to the Massachusetts Legislature, and which proposed that the leaders in rebellion should be trusted to become the leaders in reconstruction, seemed to Forbes as nothing; in negro suffrage, maintained by military power, he saw the only hope of preserving what the North had fought for so hard. He went the

[1] In 1872 he went beyond Sumner in insisting on the need of military control in the South in order to keep the blacks in power.

whole distance with the Congressional party in its quarrel with Johnson. Here, as everywhere with Forbes, belief was always followed up by action, whether in helping to found the New York "Nation" to give expression to the best Union sentiment, or in organizing a Reconstruction Association, or in reviving the New England Emigrant Aid Society of Kansas days, for the sake of encouraging Northerners not of the carpet-bag variety to settle in Florida.

One incident of this period is strongly characteristic of Forbes's sense of retributive justice and his determination to have a hand in dispensing it. Coming back from England in 1863 hot with wrath at British obtuseness in the matter of their neutrality laws, and casting about for a means of concrete demonstration against which not even British obstinacy could be proof, he induced a number of other men to join him in building a ship of war, the Meteor. She was to have an armament similar to that of the Kearsarge, and was to be faster than anything in our navy. She should therefore be able to overtake and capture the Alabama; but that was only one of the expectations with which she was built. "Should our beloved Uncle Bull get into a fight," Forbes wrote to Charles Francis Adams, on September 20, 1864, when the vessel was nearly ready for sea, "one use I should make of

her would be to advertise her most extensively for sale in his enemy's dominions, warranting her superiority over the Alabama in speed, strength, size, etc., but, of course, only for sale in conformity with the law of nations, three miles outside American jurisdiction, but armed and equipped, in fact, a mere Minie-rifle contraband of war and liable to seizure at sea, but not in any way breaking our neutral obligations. In such case an appropriate name for her would be the 'Neutral Lamb,' or the 'British Neutral.'"

The gusto with which he threw himself into this expensive game of tit-for-tat appears from the imaginary advertisements which he wrote out and sent to Professor Goldwin Smith as illustrations of what would be inserted in French papers in case of a war between France and England.

"*For Sale:* the steamers *Perfide Albion*, *Vengeance*, *Flambeau*, etc., now lying in Boston ready for sea, — feet long, — wide, — deep; warranted to steam 15 knots and to carry — days' coal, admirably suited for a privateer; for further information apply to —— & Co., who, be it said, can easily arrange with any promising customers to have said steamers at any given point outside of neutral waters for sale where they can be examined, and if approved, pur-

chased." — "The seller will take care," Forbes adds, "not to complete any contract. He will trot his horse out into neutral ground, there to show his paces and, if liked, to be sold; and it is my solemn belief that in case of a French war there would be five hundred dangerous ships at sea originating in American ship-yards within the first eighteen months." [1]

The episode of the Meteor terminated in a manner peculiarly bitter for one who had done so much to strengthen our navy. When the vessel was ready for sea, the war was so nearly at an end that the Navy Department refused to buy her. Since she could not be used for mercantile purposes, her owners consulted lawyers eminent in matters of international law, and found that she could properly be sold from a neutral port if she was provided with no warlike equipment. War had then just been declared between Spain and Chile, and on the chance that she might be purchased by Chile, she was about leaving New York for Panama, when she was detained by Seward, on complaint of the Spanish minister. The Secretary of State, it appeared, with an eye to his case against England on account of the Alabama's ravages, was willing to snatch at any excuse for giving a practical demonstration of the superior virtue of the United States in en-

[1] November 25, 1864.

forcing its neutrality laws. In other words, as Forbes remarked, Seward had made of him a whetstone for the grinding of his own diplomatic knife. In the detention there may also have been personal animus, for Forbes's contempt for the Secretary had been as outspoken as it was profound. The long delays of the trial that ensued went far, at any rate, to justify this supposition. In the end the owners of the vessel had the satisfaction of winning their case against the government, but the damages which they obtained wiped out only a small part of their heavy loss. Perhaps the irony of such a termination might be regarded by unfriendly critics as a judgment on a man who had presumed to take into his private hands the retribution that belongs to nations.[1]

Among all the fields of activity which Forbes entered in the course of his public service, the one in which he was naturally most at home was that of finance. Here he worked not "without any preparation, simply by pitching in, honestly and entirely," but as an adept. His comprehensive and far-seeing vision, his resourcefulness, his knowledge of detail, his honesty, — in short, all the qualities that had made him so successful

[1] See article by J. T. Morse, Jr., in the *American Law Review*, vol. iii, p. 234, on the legal aspects of the case ; and R. B. Forbes's *Personal Reminiscences*, second edition, p. 271.

as a railroad financier, were brought to bear upon the financial problem of the nation. At the beginning of the war he fought sturdily against the proposal to make the issue of fifty million greenbacks legal tender; and when that fight was lost did all that he could to mitigate the troubles that were bound to follow. Once engaged in this work, there was for him no withdrawing of his hand; and as the finances of the war became more and more involved, his aid was more and more frequently sought. As always, his method was that of the "plain citizen," who through correspondence and conversation enforced his views upon those responsible for legislative or executive action and those charged with the framing of public opinion. Thus he was in close touch with the successive secretaries of the treasury, particularly Fessenden and McCulloch, with members of committees of Congress, and with numerous editors. Again and again he urged some merchant to make a visit to Washington to press the necessity of a special measure, or in a letter to some member of the administration he presented the point of view of one of his foreign correspondents. So it was also through the perilous days of "green-backism" after the war. The distinction of his work lay in his thorough understanding of finance in its relation to politics and the general public welfare,

and in his willingness to give time and thought without limit.

Forbes's connection with party politics consisted of his attendance as a delegate at the Republican conventions of 1876, 1880, and 1884, and his membership in the Republican National Committee during the same period. He represented the group of Massachusetts independents who, by protesting year after year against the growth of corruption and boss rule within the party, were preparing themselves for the revolt of 1884. His position as a man who had no expectations of office and no constituents to conciliate, and who, moreover, could raise large sums for the expenses of the campaign gave him a strategical advantage which he made the most of. He held the money-bags tight, particularly in the campaign of 1880, when the notorious Dorsey was secretary of the committee. Naturally, his position was far from comfortable. The fight with the bosses was a losing one. As the machine became perfect in its organization and set at naught one attempt after another at reform within the party, honesty in politics became as vital an issue with him as had been the great questions of the Civil War. Thus when in 1884 the machine element secured the nomination of Blaine, there was but one course open to him. An independent within the party must now

logically become an independent outside the party, and Forbes announced his support of Grover Cleveland. His position among the Mugwumps of Massachusetts was conspicuous because few men of his generation had the alertness and courage to leave the party of their early faith. To the younger men with whom he found himself associated he was full of wise counsel; but at the age of seventy-one his days of hard fighting were over.

Forbes's career of public service, looked at as a whole, reveals two remarkable characteristics. In the first place, he went out of his way to keep his acts for the common welfare concealed from the general knowledge. "I pray you not to embalm my name in print," was the burden of frequent postscripts in his letters to journalists; and men in public office received similar warnings. In thus being a hidden source of influence, an unrecognized power behind the throne, there may possibly have been a dash of fascination; but the real reason for his self-obliteration is to be found in his thorough-going democratic creed, which made it unseemly for a plain man to let himself be exalted above the common people whom he claimed as his equals. How indispensable is idealism of this type Stopford Brooke has indicated in a criticism of the "Idylls of the King." It is perhaps a far cry

from Tennyson's conception of the character of Arthur to John M. Forbes's conception of his obligations as a citizen of the United States, but the illustration is apt.

"As to Arthur, the King, he is a man who has the power of sending his own soul into the soul of his followers, and making them his own — images of himself — and this is the power of a born ruler of men. It is the one-man power, that power of which Carlyle, as well as Tennyson, made much too much, because the secret of the progress of mankind, a secret the true ruler should understand, does not lie in one great individuality devouring all other individualities and making them into his pattern, but in his so sacrificing his natural mastery as to develop into vividness the individual forces of all the characters he governs. Carlyle never saw that truth, nor Ruskin, nor Tennyson."[1] The story of a leader of men like Forbes, who thus lives up to his vision of the truth that he who would really lead must not dominate, is of profound consequence to our national welfare.

In the second place, the standard of citizenship which Forbes held up for himself was high, and never suffered abatement at his hands. The kind of effort for which the average business man is too much absorbed in profit-making to spare

[1] *Tennyson, his Art and Relation to Modern Life*, p. 362.

time, and which, when a crisis comes, he exercises spasmodically and with much hue and cry, Forbes employed systematically and persistently. With a people like ours, "who insist upon trying their own experiment over again, and ignoring past experience of others or their own," there is but one hope: "everybody must work, and agitate, and educate." He knew that, together with self-effacement, tireless vigilance must be exercised to counteract the constant tendency of democracy to sink below the level of safety. To this faith he kept true, and he did his part in action as long as strength remained in him.

CHAPTER V

A RAILROAD BATTLE

IN the period after the Civil War, railroad expansion was carried forward on an even greater scale than during the years from 1850 to 1858. Even more, too, was it a time of irregular financial methods, — of Erie raids and Credit-Mobilier scandals, — and of crude business organization. The pioneer work to be done in this era was in developing methods of management and control adequate to the size and complexity which the railroad corporations of the coming age were clearly destined to attain. Here, again, it was Forbes's fortune to lead. Indeed, to bring about the changes that he deemed requisite for taking the stock and bonds of the C. B. & Q. out of the "fancies" and putting them among the "solids," he was in the end called upon to do battle. The story of this struggle epitomizes the gropings of the railroad world at that time toward a better day.

Forbes's passion for sound and sure business methods, never dormant, had naturally strengthened with age and with his experience of panics and resulting railroad reorganizations. The duties

of a trustee, which he had undertaken for a number of people, also had a powerful influence in strengthening his determination that his roads should be of such character that other trustees should look upon them as safe investments. "When I get mounted on my hobby of conservative business management," he wrote to one of the men for whom he was thus acting, "I cannot always help treading on the corns of dear friends who will not be satisfied with what such an old Gradgrind as I am thinks essential to business character and foresight."

Another influence with Forbes that made for conservatism was his definite and practical knowledge of the many ways in which a railroad man may find himself in the Janus attitude of being both buyer and seller. When one of his railroads found it desirable to purchase rails from a company of which he was an official, he refused to be responsible for the negotiations. "I am unwilling to run the risk of having the imputation of buying from a company in which I am interested, unless others who have no such interest first examine the subject and decide that the terms are fair." Such an instance, of course, might seem so simple as to be hardly worth mentioning, except that his practice was not always followed by other railroad men. For example, many a road, as has already been shown, found

it difficult to make its arrangements for building without assuring large profits to the contractors who were to undertake the work. The bonuses of stock which these contractors demanded put them in control of the road, and thus enabled them to pass, as buyers, upon the work for which they were being paid. Forbes's "four-months' nightmare" with the man who had the contract for building the Hannibal and St. Joseph Railroad had been the result of such conditions. He was thus somewhat out of sympathy with a Credit-Mobilier age of railroad-building, being himself content with the old-fashioned maxim that it is impossible to run with the hare and hunt with the hounds.

Finally, Forbes's public services during the war gave him this special and inestimable advantage, that he was among the first men in the business world to recognize and to measure the force that was to play such an important part in the new period of railroad development — the power of public opinion. A railroad, dependent for its prosperity on the welfare of the extended community which it serves, could not, he felt, continue to expect to deal with the members of that community merely as individuals; sooner or later it must reckon with the community as a whole. That these dealings might be on equal terms, it was essential that the public should un-

derstand the nature of railroad operations, that it should have some insight into the economic laws that govern them.

From his success with the Loyal Publication League during the war, he was convinced that it is possible to transform what is too often a will-o'-the-wisp of light into a true beacon, and, after his wont, he made of this belief a personal duty. One out of many instances of such action was his course in connection with the ill-fated Boston, Hartford, and Erie Railroad. It had been planned for the purpose of giving Boston a much-needed communication with the West by means of a line connecting with the Erie Railroad at Newburg on the Hudson, the river to be crossed by ferry. When money had been squandered to the extent of making the road cost over one hundred thousand dollars a mile, and the State of Massachusetts was appealed to for further aid, Forbes was aroused. He bestirred himself with such success that the facts brought out at the legislative hearing prevented the Commonwealth from throwing away good money to get back bad.

Later, at the time when the prairie farmer's discontent with the railroads expressed itself in the first crudities of granger legislation, Forbes was full of schemes for systematically putting forth in readable shape information from which

the hostile grangers might receive enlightenment. But here he was ahead of the times: the Western railroad managers, with their "hands off" attitude toward state legislatures, were in no mood to heed public opinion until they had been disciplined by decisions of the Supreme Court.

A man whose business methods were thus dominated by conservatism and a sense of public responsibility, and who himself possessed a hard-won experience in the management of Western roads, could not long stand aloof, particularly in time of trouble. In the smooth waters of the years from 1864 to 1872 Forbes was a care-free passenger; but in 1873, with its storm of panic, his place, as in 1857, had to be at the helm.

To understand the situation which required the help of his skill and force in reorganization, it is necessary to review the history of the C. B. & Q. in the period preceding the panic.

The result of the rapid railroad expansion after the war was seen as early as 1870 in the existence of three lines — of which the C. B. & Q. and the Burlington and Missouri in Iowa constituted one — connecting Chicago and Omaha, and in the formation of the "Omaha pool" for the purpose of dividing equally the profits of the business done between the two cities. Though the evils of competition were checked here, they cropped out elsewhere in the constant tempta-

tions offered to the trunk lines to purchase small branch roads. The usual method was for a group of towns considering themselves worthy of the privileges of a railroad to vote for its construction sums which often ran as high as ten thousand dollars a mile, and then to take their proposed line to market. The trunk line which they first approached rarely refused to pay the sum, however large, which might be needed to attach the new road to its system; little as it might be able to afford the expense, — for these branches usually proved "suckers" instead of "feeders," — it could still less afford to see the branch grafted upon a rival trunk. Eastern directors had as yet hardly heard of pools, such things being minor mysteries, with which Western managers alone were concerned; but the proposals for the purchase of branch roads came within their cognizance, and they were inclined to suspect that these schemes were often sheer imposition. Forbes's certainty on this point was pithily put at the time in story fashion, and he was fond of telling the anecdote in later years.

It had become quite common [he writes in his "Reminiscences"] for [the President] to come from the West with a plan for a hundred or two miles of new road, which then meant about $30,000 of seven or eight per cent bonds

per mile; and on one occasion, when such a branch was about being authorized, I related a story of my Naushon experience. We had been troubled with cats, which destroyed our birds, and so we put a bounty on killing them of so much for every cat's tail brought in; which amount proving insufficient we raised the price until we found, or thought we found, that they were raising cats to bring in to sell to us. "Now," said I to the directors, "I am convinced that the contractors and speculators are building roads merely to sell to us, and the more we buy of them, the more cats' tails will be brought in to us!" That cat was not bought; the story got around, and in Boston circles the Chicago, Burlington, and Quincy branches were known as the C. B. & Q. cats' tails.[1]

Still another difficulty connected with railroad management in these years was the insistent need of pushing out into new territory at a rate and in a direction that should prove far enough and yet not too far ahead of the oncoming flow of population. Here was a problem containing so many chances for error in its solution that the interests of the company as a whole must be considered from every point of view before it was safe for the road to commit itself. The B. & M. in Nebraska, organized as a separate corporation to build from the Missouri River at

[1] *Letters and Recollections*, vol. ii, p. 213.

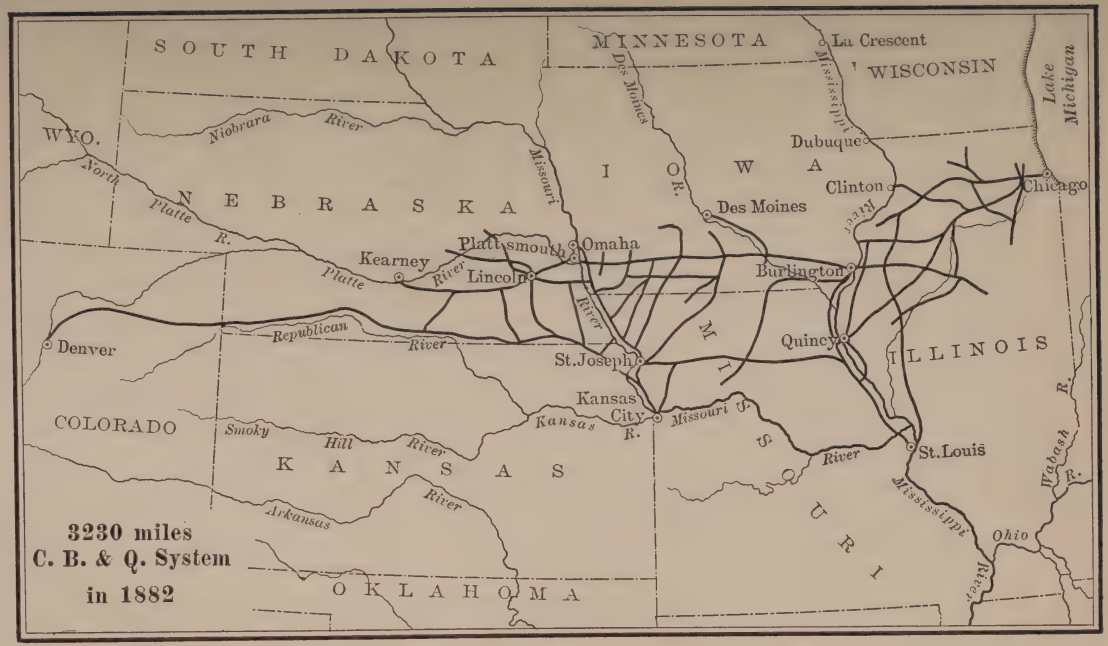
Plattsmouth to the recently completed Union Pacific at Kearney, besides having a land grant of 2,365,864 acres, easily justified itself as being certain to obtain a good share of business from and to the Union Pacific. Another plan for building a road up the west bank of the Mississippi River into what was then the far Northwest, that is to say, southern Minnesota, was agreed to by the C. B. & Q. board, and was put into execution in similar fashion by the organization of two independent companies known as the Dubuque, or River, Roads. The directors of the C. B. & Q. recommended to their stockholders the bonds of these roads to the extent of some four and a half millions of dollars, and took a considerable share for themselves. The bonds bore six per cent interest and were sold at 90. In this case, however, the caution of the Eastern directors had given way too easily before the enthusiasm of the Western officials: the promise of local aid and a land grant of 40,000 acres could not make up for the fact that the roads were built nearly ten years too soon. Charles E. Perkins, Forbes's cousin, who had been associated with the B. & M. in Iowa since 1859, showed his clearer understanding of the situation at the moment in the ironical remark that the directors of the C. B. & Q. might as well have endorsed the bonds of a railroad to be built in the valley

of the Red River of the North.[1] From this error, as will presently appear, came a train of disastrous consequences.

Consolidation naturally went hand in hand with rapid physical development. On January 1, 1873, the C. B. & Q., with its 825 miles of track, and the B. & M. in Iowa, with its 443 miles, were united, the new corporation, which held property worth more than fifty millions of dollars, being one of the largest in the country. But this was only a first step. Though the new C. B. & Q. stood high in the financial world and commanded the services of able men in its several departments, its organization was extremely haphazard. It had no definite method for securing harmonious and united action between the financial management in Boston and the operating management in Chicago, and its system of auditing belonged to *ante-bellum* days. Furthermore, as with the directors in Boston the care of C. B. & Q. interests was only one of several irons in the fire, so the executive officers in Chicago gave to the road only a portion of their time. Nowhere was there a man of experience and force in high position devoting himself exclusively to the service of the road.

The dangers of such a situation came upon Forbes with cumulative effect in June, 1873, after his return from a yachting trip to the

[1] MS. Recollections of C. E. Perkins.


SOUTH DAKOTA
MINNESOTA
La Crescent
WISCONSIN
Lake Michigan
Des Moines River
Mississippi River
Niobrara River
WYO.
North Platte R.
NEBRASKA
Missouri R.
IOWA
Dubuque
Clinton
Chicago
Des Moines
Rock River
Kearney
Platte River
Plattsmouth
Omaha
Lincoln
Burlington
Republican River
Denver
St. Joseph
Quincy
ILLINOIS
Kansas City
Missouri R.
COLORADO
Smoky Hill River
Kansas R.
St. Louis
Wabash R.
KANSAS
Arkansas River
Mississippi River
Ohio River
OKLAHOMA
3230 miles
C. B. & Q. System
in 1882

Azores and a visit to California which had kept him away from Boston and business for a year and a half. Long trusted as his co-workers and fellow counsellors had been, their acquiescence in the methods and routine of smaller days continued under the new conditions became a trouble that he could not shake off. Reports from his sharp-eyed and critical cousin in the West, who now, as vice-president of the B. & M. in Nebraska, could speak more freely of C. B. & Q. men and measures, helped to make Forbes feel that matters should no longer be allowed to drift. The bonded indebtedness of the combined roads needed badly to be got into satisfactory shape, and there was a floating debt of a million and a half dollars. His uneasiness is expressed in a letter written to a fellow director not long after his return.

I do think we need more control at this end over our 50-million property.

We know next to nothing and we trust the administration of this mammoth enterprise 1000 miles off to a man who has no experience in the details of R. R. business, and who represents at least two other companies, whose interests *may be* conflicting: 1st, the coal co. of whom we buy our fuel; 2d, a R. Road which, with or without his fault, has managed to get largely into a debt to us which it cannot pay.

I don't know how many other things he may

be in, which are suckers instead of feeders, but if the stockholders ever look into their affairs and find that in one way and another — with the Board's assent and without it — the present administration have used over a million of *their* money for the protection of other enterprises in which some of the Directors are concerned, and all the stockholders are not, we shall find ourselves in a very awkward position. It was only at the June meeting of the Board that I knew of this accumulation of indebtedness. It was my fault that I did not know and try to prevent it, but I don't feel like going on in the same road much farther.

Anybody may make one such blunder in trusting others' management, but the man that makes it a second time with his eyes thus opened becomes a party to the mismanagement, and I confess I see nothing to prevent the same sort of thing being done right over again — except that our credit is not quite so good.[1]

The disquiet here expressed was not allayed when Forbes learned of the pass to which the two River Roads had been brought. From the outset misfortune had attended them. The Chicago and Northwestern, which owned the railroad bridge over the Mississippi at Clinton, acting with pardonable consideration for its own interests, refused to permit the lower of the two to make connection over it with the C. B. & Q.;

[1] July 13, 1873.

and thus a portion of the additional traffic expected went to increase the profits of a rival trunk line. As if this were not bad enough, extravagant construction and careless management had done their worst, and early in 1873 the River Roads were in such condition that they were unable to pay the interest on their bonds. In this emergency, the directors of the C. B. & Q. undertook to save the situation by voting the sum necessary for this payment from the funds of their company. When Forbes discovered where the cash for his coupons came from, his first impulse was to express his disapprobation and disgust by returning the money. To one of the directors who protested against this course he wrote: —

Not wishing to do anything in haste which so wise a man as you disapproves of, I withdraw my letter . . . for the moment; but when you get time I wish you would give me in ten lines the grounds upon which you expect to justify the payment of the Dubuque Bonds coupons.

That it will eventually come out and be challenged is just as sure as that we live, and now is the time for any of us who were not responsible for the transaction to take their ground.

I am open to conviction; but while I can guess at many good reasons for paying out such a large sum to outsiders, I am utterly at a loss for reasons justifying our voting it to ourselves.[1]

[1] August 7, 1873.

On this point Forbes yielded for the moment. In the meantime, his passion for having things sound and right, and his sense of responsibility, now thoroughly awakened, drove him to work over plans for getting the indebtedness of the road into shape by a large issue of mortgage bonds which Baring Brothers might be induced to take. This, of course, they would not do "without giving C. B. & Q. a good sifting," and thus the reforms in the management which Forbes desired could be accomplished. In such manner the summer wore away.

The panic of September, 1873, with its widespread wrecking of railroads, when the River Roads went completely under, and the C. B. & Q. stood firm chiefly through the strength brought to it by the B. & M., was to Forbes a trumpet-call to action. As of old, nothing roused him so completely as the threat of disaster. Within a week he was off for the Mississippi Valley, impatient and relentless, to do a little "sifting" on his own account. With him went John N. A. Griswold, who had lately been added to the Board and on whom he relied implicitly. A batch of telegrams scattered notice of their coming. "If we cannot do any good we can say we have *tried!*" he wrote.

The investigation included a trip over the River Roads from Clinton to La Crescent. With

the two men from the East were J. K. Graves, the president of the roads, and various high officials of the C. B. & Q. system. In the course of the journey, Graves explained to one member of the party that the work of building the roads, as yet incomplete, had been undertaken by a construction company, of which several of the directors of the C. B. & Q. were stockholders.[1] Other facts given in the same conversation were such as to lead Forbes, when it was repeated to him, to determine on a session of rigid cross-examination. Here follows, in his own vivid and vigorous language, the story of the interview, as he wrote it out in detail within the next forty-eight hours for the benefit of one of the directors in Boston.

Returning Friday night from our survey we passed the evening at the company's offices in an interview (and a course of inquiries) with the president, Mr. Graves, the treasurer, General Booth, and the superintendent, Mr. Hudson, which developed the most remarkable condition of things which I have thus far found upon any living railroad company. The president is a sharp merchant, full of various enterprises, from gas-works up to building railroads, pretty bright, but loose in his notions of administration, loose beyond the imagination of the ordinary mind to conceive of.

[1] MS. Recollections of C. E. Perkins.

General Booth, on the other hand, seems tighter and more technical than any West Point martinet; his accounts beautifully correct in form, and (as he says) kept distinct in bank from his private or from any outside mixings; but he is and professes to be simply an automaton. . . . To our questions whether he used any discretion in the application of the funds or any supervision of their use, he replied frankly: —

"None whatever. I simply pay the money when called for by the president and the superintendent."

"What has been done with the $140,000, more or less, earned by the roads since December 1, 1872?"

"It has been paid to the superintendent's order for expenses, and the balance has been paid to the president. What the president does with it is no concern of mine."

Question to the president: "What have you been doing with the company's money?"

Answer. "I have been paying the notes which I have given as president."

"What are the notes? Where is the record of them? Is it in the treasurer's account?"

"It is not in the company's books, but can be ascertained."

"What were the notes given for?"

Answer. "Chiefly to meet the obligations of two construction companies, of which I was president also, and which built the roads of each company by contract."

"Then you, as president of the railroad com-

pany, are paying yourself as president of the construction company, without the supervision of the treasurer or of any one else, and without any auditing of your accounts?"

"Yes."

"Have the construction company received the full amount of money, of stocks, of lands, for which they agreed to construct and equip the roads?"

"Yes, they have, leaving unfinished about forty miles of Turkey Branch and twelve miles on the lower road."

"Have any of your directors besides yourself been interested in these contracts?"

The answer to this was not definite, but left the impression that some of the directors had been, and he promised to send me a copy of the contracts, and a list of the stockholders in the construction company. He asserts that all the assets of the construction company have been expended, except a part of the land grant, which remains unsold; and to my question whether this remaining land ought not to be returned to the company, he answered that he thought the contractors would do whatever is fair, but that they had been large cash losers by the contract, and have nothing but a little land and a good deal of railroad stock to show for it.

Exactly how much cash from our earnings had been paid over to the contractor president, we had not time to investigate, but of course if the superintendent's figures are right, about $140,000; and the railroad president seems to

be expecting to go on paying to the contractor president our earnings as they come in, until he has paid off the debts of the construction company. . . .

What the equities or the elements of expediency are, I know not, but it is perfectly clear to me that the board, which I now understand is transferred to Boston, ought at once to direct the treasurer to apply the earnings, first, to paying off legitimate operating expenses, and next to hold the balance for such uses as the board may direct, — or, better still, remit it to Boston, instead of holding it to the order of Mr. Graves — an active merchant and the representative, first, of contractors, and second, of another railroad, the Iowa Pacific, to whose use he has already applied $170,000 of the funds of our two companies, or of the contractors, which are all mixed up together. Mr. Graves (to his credit be it said) seemed to appreciate the absurdity of his position, and expressed a desire to have his accounts audited and to have a settlement; but, in our judgment (I speak of Griswold and myself), the blame will be transferred to the board, if, after knowing this state of things, they allow the funds of the company to remain a day longer under the control of a man who has so many other uses for them, however honest and however rich he may be on paper.

As an instance of what may happen, the payroll was postponed a month in order to pay some of the debts, but whether it was for the debts of the railroad company or for the contractor, or the

Iowa Pacific, or Mr. Graves's personal ones, we had not time to investigate, and nobody can tell until an auditor (and a very good and forcible one) settles what Mr. Graves's account stands at, and who ought to pay the notes. He has signed as president, probably without any vote of the board, and certainly without having them recorded in the books of the company.[1]

The director to whom Forbes poured out this story of mismanagement, in the hope of eliciting his sympathetic indignation, was himself, such is the irony of circumstance in the business world, one of the members of the construction company, — a fact which soon came to light. Indeed, it presently transpired that six out of the twelve members of the C. B. & Q. board were in this position, and five of the six were Boston men. Being persons of integrity, who had conceived that, in their two-fold capacity as contractors and directors, they were fully able to deal with themselves justly, they took offence at Forbes's pointed questions concerning their acts, and refused to give information. This secrecy, based on a natural though mistaken wish not to seem to flinch under fire, of course aroused suspicion, and led the way to a demand for an investigation. Finally, the resentment felt by the contractor-directors that Forbes should seem to impugn their honesty

[1] November 9, 1873.

as well as their judgment had the effect of uniting them in defence of the old régime in the C. B. & Q. board and its methods.

The point of Forbes's criticism of his associates is perhaps best seen from a letter written during the long course of these difficulties to his friend S. G. Ward, agent of Baring Brothers. "Either you or George once made a very pertinent remark about C. B. & Q., to the effect that we had *honest* enough management, everybody said, but that it took something besides honesty to run a big railroad, and that the smart rogues around us would beat us in net profits to their stockholders after having stolen all they wanted! I have often thought of it, and recognized the soundness of your view. Skill, talent, courage, honesty are *all* essential to railroad management, and especially so in distant ones which are apt to be managed after the fashion of the Roman viceroys." When therefore he found that the contractor-directors either could not or would not see their fault, there was nothing for him but deliberately to range himself against them. His clear sense of the welfare of the great corporation, the reorganization of which he now deemed more important than ever, and his feeling of responsibility toward the hundreds of investors whose money it was using, both drove him on to action.

Though he and his supporters were a minority in the C. B. & Q. board, they, as bondholders of the River Roads, were able to stir up their fellow victims. An authorized investigating committee from this group of men made considerable progress in ascertaining the true condition of things, and at last unearthed the contract for building the roads, by the terms of which the construction company was released from any obligation to complete them after it had used up all its money. It then appeared that the railroad companies had paid at the rate of $25,000 a mile for fifty-five miles of road which had not been constructed. From time to time Forbes, to prevent if possible an open breach in the C. B. & Q. board, had tried to get the directors who were members of the construction company to agree to some act of restitution to the bondholders, proposing to join them as a fellow director in bearing his share of the burden and the blame; but now, the bringing to light of this contract, of the vicious clause in which the Boston contractor-directors declared that they had been wholly ignorant, at the same time that it was further proof of the need of a new dispensation, rendered a peaceful adjustment highly improbable. Nevertheless, as the following appeal to one of these men shows, Forbes left nothing undone to prevent the personal estrangements

that, to a man of his sense of loyalty, seemed nothing short of a calamity.

The proposition which I made yesterday would, I think, preserve sufficient harmony in our circle to enable us, or most of us, to work together for the common good. If the investigating committee will agree to accept it and recommend it as the best thing practicable, it will relieve them of the necessity of presenting to the bondholders the alternative; what blame their report must involve I shall, under this proposition, take my just share of.

You who went into the construction company then holding a contract for getting possession of all the bonds and assets of the River Roads, with a clause added relieving them from any obligation to *build* the roads, and under which the bonds you recommended have scattered ruin among large numbers of innocent people, have placed yourselves in a most unfortunate position. No matter how thoughtlessly you assumed this position, no matter how innocent of intended harm to others, you have done the harm, and by concealing from me the fact that you had an interest as contractor behind your interest as a bondholder of the River Roads and director of C. B. & Q., you have led me to join in causing the mischief.

I have offered to join you in a very slight measure of reparation for our folly and neglect —I now once more ask you in the name of our long tried friendship to accept my offer.[1]

[1] February 13, 1875.

Feeling as strongly as he did the pain of a personal breach, Forbes held back, till almost too late, from the alternative of war,—that is, a campaign to oust enough of the opposing directors at the coming annual election of the C. B. & Q. board to give his party control. But when fight was at last forced upon him, he flung himself into the struggle with all his wonted zest and relentlessness. His two battlefields were the meeting of the Dubuque bondholders in Boston on February 17, to hear the report of the investigating committee, and the annual meeting of the C. B. & Q. stockholders in Chicago on February 24. The story of the contests is best given in the animated narrative of the general-in-chief, written to a member of his family while the glow of battle was still on him.

We had on the whole quite a lively time, of which the scraps sent will give you some hints. Perhaps the most dramatic performance was our meeting, a week ago Wednesday, of Dubuque victims (our second Dubuque). At the first one, two weeks earlier, I had given our associates the first of the Sibylline leaves, to accept a very soft path opened to them; but S—— the magnificent, wrapped in his panoply of law and self-sufficiency, coolly declined, as if he had spoken and the world must bow (and no small dog like me must bow-wow!). Well, when the second day of fate was approaching, I spent Sunday in cooking

another dish which I offered them, a good deal harder to digest than the first but still eminently proper and quite within limits. This I begged B—— to accept, adopt and advocate, and thus avoid [a fight]. This was declined as indigestible, but with less confidence, for the skies had begun to lower and my appeal to B—— was solemn. They were blinded and obstinate, so on Wednesday we went to the meeting ignorant whether they would skulk or fight. In a room full of some one hundred or one hundred and fifty indignant bondholders, we found my old friend —— at the front like a lion at bay, the others deserting him and keeping in the background. Clifford was chairman; and Charles Bowditch, secretary of the investigating committee, read the report, which might well be called the indictment, and which was very considerably made up of my testimony — the C. B. & Q. directors having dodged the most important points. This brought —— to his feet, and you have read his speech, fired directly at me, so that the chair had frequently to call him to address the chair. He is a very powerful speaker, and of course I was like a small mouse under the whiskers of grimalkin, or of a fierce bull-terrier! You have had the speeches, so I will only give you these outlines of the scene, which lasted from eleven to about three. My best speeches amounted to two or three words, interjected here and there in the chinks of ——'s oratory, but which found the holes in his armor. Getting through this, wearied and full of bad air, Griswold and Will

[W. H. Forbes] and I had to take up the question of what next? Should we go on fighting from the outside, or should we, with only three days' time, try to change the Board? . . .

They had been getting proxies for the annual meeting of 24th February ever since 20th January, while we had Thursday, Friday, and Saturday to work our *coup d'état* in, as Will and Griswold had to leave Saturday afternoon for Chicago, if we were to make the fight! We determined to try it, and at once had to frame advertisements, choose our list of directors and get them all into the New York, Albany, and Boston papers by telegraph, also to get the stenographer to write out the pithy parts of his Dubuque report and send this off to New York by telegraph. We did not know then how much the press were interested in the subject. We found afterwards that they had one or two stenographers, and the "Tribune" reporter sent on 1000 words by wire that afternoon. Then I had to write letters and telegrams, and talk, and do everything but sleep! In brief we had a good old war-time. P. W. Chandler says there had not been so much excitement in Boston any day for thirty-five years (he meant in business circles) as the day our advertisement came out. On Wednesday 24th, Will and Griswold in Chicago had 22,000 majority or say about 90,000 votes out of 155,000 that were thrown, and carried our whole ticket except T. J. Coolidge — that tender-hearted old Green ordering his large batch of votes thrown for D——, and thus electing

him. He however is, I guess, docile as a kitten, and I have no doubt we can now have our own way on all reasonable things, and you know I never want any other. Will got back last night, and now, the fight being over, the work begins, for with victory will, I fear, come responsibility and care. It would have been far easier, just to have stepped out and sold my stock, and had an easy life; and I expect to repent not doing so.[1]

The significance of this victory was shown in the immediate appointment of George Tyson as auditor, "a very good and forcible one," and with his arrival in Chicago a new era began in the company's methods of accounting. The River Roads were sold to the Chicago, Milwaukee, and St. Paul, and the claims of the bondholders of these roads upon the C. B. & Q. directors who had recommended the bonds were recognized, though the amount of money restored to the victims was necessarily small. Since those of the contractor-directors who still remained on the board could not fail to see that the success of the men and measures that they had opposed had put their property on a solider basis than ever before, it was worth while for them to swallow their pride for the sake of remaining in the family and sharing in its prosperity. In the course of the next five or six years, however, several more

[1] February 26 and 28, 1875.

of the older directors gave way to younger men, among the newcomers being T. Jefferson Coolidge, Charles J. Paine, and William Endicott, Jr., of Boston, Peter Geddes of New York, and Wirt Dexter of Chicago.

But the most far-reaching result of the contest was the election, in February, 1876, of Charles E. Perkins as Vice-President and member of the Western Executive Committee. Ever since the age of nineteen, when, as has been told, he had begun his railroad career at Burlington, he had been under the eye of Forbes, and by natural capacity and hard work had risen from one position of responsibility to another. Through his knowledge of the conditions of Western railroading and the confidence placed in him by the Eastern directors, it at length became possible to organize the C. B. & Q. on a basis adequate to the complex needs of a great modern railroad. Working thus under Forbes for five years, Perkins proved incontestably his fitness to be Forbes's successor.

The effect of these changes in the management on the growth of the road constitutes a striking story, which belongs, however, not here, but in the biography of Charles E. Perkins. The increase in the length of the road from 1343 miles in 1876 to 7661 in 1900 is only one of the obvious signs of a masterly administra-

tion which, always alert to extend the road to meet the needs of the country which it served, was no less zealous in maintaining a sound financial policy, and in developing that internal discipline which a railroad, as a vast piece of human machinery, cannot safely do without. The standing which the C. B. & Q. attained among American railroads in the years of Perkins's presidency, from 1881 to 1900, is the best testimony to the railroad wisdom of John M. Forbes.

When, in 1881, Forbes, after six years of responsibility for the C. B. & Q., during three of which he was president, transferred his load to younger shoulders, he was sixty-nine years old. As he said at the beginning of that period, it would have been far easier to have stepped out and sold his stock. That he had not done so was due to a high and compelling sense of personal responsibility. To him a railroad was not a toy to be tossed from one financier to another, but a great public entity like the state, requiring, like the state, from each generation in turn the tribute of devoted service.

CHAPTER VI

THE END

FORBES'S relinquishment of responsibility as president of the Chicago, Burlington, and Quincy did not mean that he gave up all interest in railroad work. To the end of his life he served as chairman of the board of directors, and the honor in which he was held by his associates was shown for all men to read in the annual reports, where in the list of officers his name led all the rest. As in former years, his brain was busy with schemes large and small for the prosperity and perfection of the road, but now he must content himself with dashing off "screeds" to Perkins, to be executed or not according to the wisdom of the younger generation. He loved to travel over its lines, and even as late as 1890 made a long journey to the Northwest, returning by way of San Francisco. By such means he kept in personal touch with the widely scattered officials of the system; and when all other ties to what had been the great interest of his life failed, he was still a part of the road by virtue of the strongest bond of all, — that of vital human relationship.

This gradual withdrawal from railroad busi-

ness was accompanied by retirement from participation in public affairs. To the Independents with whom he allied himself in the campaign of 1884 he could bring little in the way of what he would have called work, though the influence of his name and the stimulus of his counsels were contributions of great value. With the Cleveland administration he was naturally in touch, and he followed with unflagging interest the new issues of the day, particularly as the question of free silver became more and more acute. Perhaps, however, the subject to which he gave most continuous effort was the matter of free ships. Old age, with its many memories of younger days, had brought back his early interest in maritime affairs. He recalled the proud share which he and his brother had had in the days when American ships were able "to lead the world in foreign commerce, carrying English goods from England to the East, covering the Eastern seas with their flags, and doing absolutely the whole packet business between England and America, so that nobody, however bigoted his admiration of the mother-country, ever dreamed of trusting himself to any but an American packet-ship on the Atlantic"; and he felt keenly the mortification of navigation laws which prevented him from sailing under the United States flag such few ships as he owned in

world-commerce. To this feeling he never lost an opportunity of bearing witness, whether in the form of testifying before a Congressional committee, addressing a meeting of the Tariff Reform League, preparing a pamphlet on free ships, or writing to the newspapers over his war-time signatures of "Senex" and "Audax."

In the intervals between these occupations, Forbes gave considerable time to writing his reminiscences. This task, begun in 1884 at the instance of his children, occupied him for many years, and, by helping him to recall the days when great deeds had been done, broke, as it were, the fall into his present state of inactivity. His powers of expression had lost none of their sprightliness, force, and humor, and the result was a record extremely valuable as reminiscences, and far more entertaining than most works of this class. The mass of his correspondence, scrupulously preserved in letter-press books and files, was too enormous to be manageable, but it served as a guide to his memory and a veritable storehouse of pungent epistolary examples.

Whatever the pleasure that the preparation of this story gave him, he took a modest view of the career which it narrated. "I certainly have worked to do something that would form my contribution toward the common welfare, but think my ambition has rather been to accomplish

something worth doing . . . than to appear to have done great things in my little sphere."

Thus he continued, even up to the milestone of fourscore years, though, as powers of body and mind slowly failed, the world of affairs slid beyond his ken. In the five years of life that remained to him, — that time when

> The outline of the whole
> As round eve's shades their framework roll,
> Grandly fronts for once thy soul, —

the love of nature and the affection for friends and family held him by as strong a tie as ever. He was keen to revisit scenes that he had loved, and for certain states of restlessness and mental agitation travel was still the best remedy; he slept better in boats and on trains than in his own bed. He took many a cruise in his yacht, the Wild Duck; his favorite exercise of riding he was able to continue till within a few weeks of his death. Delight in the island home of Naushon, the improvement of which had been his recreation for forty years, was still his chief solace. "During the summer and autumn of 1897," writes his daughter, "he drove daily, while at Naushon, inspecting the tree-planting, and fences, and the 'Sargent treatment' of old forest favorites whose lives he wished to prolong. After his inspection he would get out of the wagon and lie down, with his head in the shade, and sleep for half an hour

or so. Then his saddle-horse would be brought, and he would mount and ride back, sometimes four or five miles, to the mansion house,—his man always riding close beside him, however, for his failing sight made this necessary." [1]

But the tie that held longest and strongest was that of human affection. "The ennobling difference between one man and another is that one feels more than another," says Mark Pattison of Milton.[2] Forbes's capacity for intense feeling had ever been his most marked characteristic, and now the nature thus ennobled dwelt with humility and admiration on human goodness wherever it had touched his life. His custom of giving, an instinct quickened and developed by eighty years of habit, was still his readiest way of expressing this admiration, and here at least there was no sign of failing powers. When further lapse of vitality made the kindling of his old self still more fleeting and intermittent, the moment in which it rekindled never failed to reveal his gratitude for having shared so richly in the best that life has to give. Thus, sheltered and enfolded in love, he waited the end.

On Monday, September the 26th [writes his daughter], Dr. Stedman and my eldest sister came to the island to go home with him. The

[1] *Letters and Recollections*, vol. ii, p. 234.
[2] *Life of Milton*, p. 63.

next day a brisk north wind came up, covering the bay with white caps; and bright sunshine streamed into the house. My father sat in the parlor until it was time to go, and then asked to be taken into each of the ground-floor rooms. He sat at his writing-table, whence so many letters had taken flight, and touched lovingly the inkstand and pens as if loath to part from these old friends. Then my husband led him to the carriage, where his daughter was waiting for him. The little granddaughter was brought out and held up to him in the wagon, and he kissed her lovingly and bade her good-by, and then said to my sister, as they drove off, looking up at the old mansion house, "Never again perhaps." He was driven carefully to the wharf, where the launch, steered by his faithful Charles Olsen, was ready for him. The gun of the Wild Duck at her moorings saluted him as he steamed past her down the harbor; and so he left the island.

I feel as if any vivid life ended for him here. . . . On Thursday, October the 6th, pneumonia set in, and he died on the following Wednesday morning, October the 12th, 1898.

Mrs. Howe's "Battle-Hymn of the Republic" had been for years the tune that stirred and moved him most, and it was the last that he greeted with the old motion of the hand, beating time. At his funeral it was sung; and we all felt that no truer citizen ever served the republic which inspired the verse.[1]

[1] *Letters and Recollections*, vol. ii, p. 236.

APPENDIX

Letter of J. M. Forbes to Charles Sumner concerning Land Grants to Railroads

Boston, *Feb.* 14, 1853.

Dear Sir: —

I hear privately that a gigantic land scheme is in preparation to be sprung upon Congress, in such shape as to conciliate all conflicting interests by giving something to every scheme, and something to the old states, and to be forced through under the pressure of the last days.

Now, on general principles, I have always advocated the right and duty of Congress to give land to railroads that require it in order to render the other land remaining more valuable, and perhaps I would go still further, and use the land for the purpose of increasing facilities for transportation of produce and passengers, irrespective of the added value of remaining lands; but there is no action of Congress that needs such deliberation and examination as this giving of bonuses to individuals or companies. None is so open to abuse, and I hope you will agree with me that no hasty log-rolling legislation ought to be permitted on this subject.

You may say that every law is subject to log-rolling influences, and that if you oppose one on this ground you must all. I admit that little is done in the world

from unmixed motives of good, but when we come to a measure which is manifestly urged by schemers and speculators and for private ends, of doubtful good even to the parties who are asking for it, it seems safe to oppose it, even if it have some elements about it of which you approve.

If it is expedient or right to give the new states the public lands, far the safest thing will be to give it to each state, and allow the state governments to apportion it; restricting them, if you please, to put such a share into railroads and plank roads, and canals, such for education, and such a share for the insane, the blind, etc., etc.

There are now about 7500 miles of new railroad in course of construction, which when properly equipped with machinery shops and depots, and finished with proper ballast and bridges, will not cost under $20,000. per mile, or say $150,000,000, — one hundred and fifty millions — (and this is a low estimate), most of which has to be borrowed and the whole expended within two years. These are chiefly in the West through a sparse population. Is not this experiment enough for one while? and, however sound the policy may be of giving lands to make railways, is it wise to stimulate enterprise in this direction any further, at a time when it is clear that too many roads are under way without any such stimulus?

If the western states go much further or faster into railways, we shall inevitably have another 1837–8, as well as an 1835–6; and, like that epoch, the stimulated, overstrained effort will be followed by a state of reac-

tion that will be very unfavorable to the real interests of the West. By stimulating the building of roads, where they are not wanted, and where the leading cause for building them is the gift of public lands, we shall throw such discredit (when the break-down comes) on our western roads, that the building of useful roads will be retarded or indefinitely postponed.

Foreign capitalists, as I happen to know, are already frightened by the immense extent of new railroads begun, and the time is very near at hand when the enormous issues of railway bonds will glut the home market.

If I could have any influence on legislation, it should be first, to devise some plan by which the Government should be bound by contract to have the Californian railroad built, and the administration committed to its being done promptly and efficiently; that the Executive should be held accountable to the country just as much as it would for the vigorous prosecution of a foreign war.

I would then apply all the Government lands to that object first. The West would expect to get, and would get, the greatest good from it, by finding a market for their produce, and for their surplus labor (on the Pacific side), while the whole country would get the benefit of it, by its binding us together, and by the additional guarantee of peace that it would give us. For what application of money to forts, frigates, and armies would strengthen our Pacific coast, like a line of railway and telegraph, that in four days would bring the

militia of the valley of the Mississippi to the shores of the Pacific?

A few years ago the western states needed Government help to build their roads; now the capacity of the West to support all the roads that are really needed is acknowledged, and the great danger is that too many will be built.

On the other hand, private or state enterprise cannot build the Pacific road, and if it could, it is doubtful if it would pay. It is required by the whole country, and there can be no doubt that as an experiment in political economy it will be eminently successful if efficiently prosecuted. It will add enormously to the wealth of the country, and will contribute more to raising the wages of the working classes, by opening gold-labor, than any legislative creation can possibly do in any other way.

A million of people can earn at a low estimate $600. per annum in California, who now only earn $300. per annum; difference	$ 300,000,000.
from which deduct expense of carrying them out with their barrel of flour and barrel of pork and barrel of groceries each, say from the Mississippi; say not over 1800 miles at 3 cents a mile for passengers and 3 cents per ton mile for merchandise (which in both cases is large), and you have $54. for passenger and for one third of a ton of merchandise $18.=$72.; throw in for baggage $28. each, and you deduct	100,000,000
	$200,000,000

leaving a gain to the wealth of the country of $200,000,000, as a return for the $100,000,000, which the

road will surely cost. I don't mean that this would happen the first year, but I believe 250,000 men would go out the first year after the road is finished, unless in the mean time labor has been equalized by the Isthmus route by the importation of a million of inhabitants into California; in which case the necessity for binding to us such a populous state, with such elements of increase in it, will be apparent to all.

Excuse this long story, into which I am led by the largeness of the subject, and by my want of time for condensation.

It is possible that I may be influenced by my connection with western roads that have been built by dint of hard work in hard times, when it was a word of reproach to be concerned in western enterprises, and that these considerations induce me to look unfavorably upon other roads getting help from the public treasury or domain.

To avoid such suspicion, I mark this letter private, and do not wish my name mentioned in the matter; but you, I know, will have candor enough and acuteness enough to give due weight to any of my reasoning that is good, and to make the needful allowance for any selfish bias, as against the weight that might otherwise be due to the opinions of one who has had some experience in western railroad-building.

If you have many such long-winded constituents I offer you my condolences!

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